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NEWS SUMMARY

GENERAL

Channel ports blockade continues

Holidaymakers faced a continuing blockade of most Channel ports as the French Government stood firm in its policy towards the striking fishermen and union leaders refused to give in.

In Boulogne a counter-strike by lorry drivers and tradesmen stopped Hovercraft services, which were only operating at Calais. Dunkirk traffic returned to normal after a truce, while Le Havre was open but hit by a tug boat strike.

After renewed naval action, the oil terminals at Fos and Antifer were freed from the blockade, and the Government said it intended to keep open major commercial ports not involved in the dispute. Back Page

Cossiga backed

The Italian Government headed by Sig. Francesco Cossiga won a vote of confidence by 317 to 260 on its economic recovery programme which is facing Opposition delaying tactics

Somalia 'invaded'

Ethiopian troops backed by fighter-bombers invaded north-west Somalia, Mogadishu Radio reported. It said the invasion had been halted and one jet shot down.

Missiles talks

The U.S. and Russia will probably hold preliminary talks next month on limited medium-range missiles in Europe following the recent Moscow approach. Page 4

Hope for ILEA

A Government inquiry is likely to show that disbanding the Inner London Education Authority, urged by leading Tories, would not be practical, although major reforms are needed. Page 6

Sea frauds cut

The number of suspected shipping fraud cases in the Far East and Greece has declined following several successful prosecutions in the courts, reports the Salvage Association of London. Page 5

Murder charges

An unemployed man was charged in Huyton, Merseyside, with murdering a second 11-year-old boy. He had already appeared after the death of another boy. Both crimes were allegedly committed on the man's birthday, August 16.

Police raid flat

A swoop by the anti-terrorist squad on a flat in Greenwich, south-east London, produced evidence that could be used against a man already in custody, Scotland Yard said.

New Israeli move

Israel has decided to build three more Jewish settlements on the occupied West Bank, a move likely to strain further its relations with the U.S. Page 3

£1,000 slimmer

Hilary Hardman won a £1,000 "slimmer of the year" award from Slimming magazine after shedding 72 lb from her 13½ stone figure to save her marriage.

Briefly . . .

Lionheart, the British yacht, is out of the America's Cup after failing in its protest against the French contender France III.

A fire in which four children and their two mothers died in Bradford is being treated as murder.

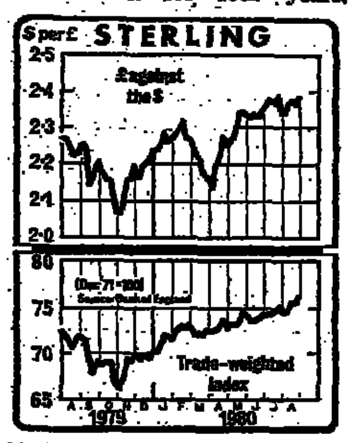
Greece announced it will allow conscientious objectors to serve in non-combat military units.

Sweden has ruled that a young organist who plays with his toes cannot become a church music director.

BUSINESS

Sterling passes FFr 10 level

● STERLING reached its highest level against the French franc for more than five years, closing at FFr 10.01, and against the D-mark for four years,



finishing at DM 4.3075. Its trade-weighted index rose to 76.2 (75.8). Against the dollar, it closed at $2.3910, a rise of 1.05 cents. Page 24

● DOLLAR eased to DM 1.8005 (DM 1.8020), although it was firmer against the yen at Y219.65 (Y219.20). Its index was unchanged at 84.3. Page 24

● GOLD rose $3 to $634.5 in London. Page 24

● GILTS made two attempts to rally, but both were short-lived. The FT Government Securities index fell 0.47 to 68.25. Page 30

● EQUITIES were also uncertain. The FT 30-share index extended its fall to close 4.3 down at 491.5. Page 30

● WALL STREET was down 6.65 at 946.76 near the close. Page 25

● MANUFACTURERS Hanover and Chemical Bank were among U.S. banks which raised their prime rates to 11½ per cent, following Chase Manhattan's lead on Tuesday.

● MODEST U.S. economic recovery is likely to be accompanied by high inflation and unemployment, says the OECD. Back Page

● ENGINEERING workers are seeking pay increases of about 20 per cent. Back Page

● BRITISH Petroleum has gone into partnership with Norwegian shipbuilder Aker to provide a turnkey service for developing marginal offshore oil fields. Page 6

● LEGISLATION for control of a gas distributor has been introduced by the South Australian Government. Page 23

● GOVERNMENT is to keep a 50 per cent stake in British Aerospace, Industry Minister Adam Butler said. FT conference report Page 6

● EUROPEAN Airbus is being considered as a replacement for RAF transport aircraft. Back Page

COMPANIES

● GOTAAS LARSEN, the shipping company, reports a second-quarter net loss of $9.7m (£4m) against profits of $4.1m. Page 21

● WEST GERMAN chemical company Bayer reports a 14.4 per cent drop in second-quarter profits to DM 231m (£53.6m). Page 22

● JOHNSON MATTHEY and Co., precious metal refiner, banker and chemical manufacturer, boosted first-quarter pre-tax profits by £4.56m to £10.22m. Page 18

● ASSOCIATED Dairies, the supermarket group, lifted pre-tax profits to £49.98m (£41m) in the 53 weeks to May 3. Page 18; Lex, Back Page

● LADBROKE Group's first-half taxable surplus fell back to £14.07m (£16.69m), despite a 61 per cent increase in non-casino business profits. Page 18; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Armitage Shanks	107½	+ 4½
Cement-Roadstone	87	+ 4
Cope Sportswear	29	+ 3
Federated Land	95	+ 6
Gill and Duffus	172	+ 3
Goldman (H.)	19	+ 2
ICI	360	+ 4
Johnson Matthey	210	+ 4
Kwik Save	127	+ 4
Marchwiel	88	+ 4
Mountleigh	89	+ 6
Anglo-Amer. Gold	£44	+ 1⅞
Buffels.	£18¼	+ 1¼
Jo'burg Cons.	£30	+ 2½
West Driefontein	£38¼	+ 1

FALLS

Treas. 11¾pc 1991 A (£50 pd.)	£45¼	— ⅞
Excheq. 12pc 99-02	£89¼	— ⅞
Blue Circle	366	— 4
Empire Stores	160	— 6
Fisons	230	— 5
Freemans (London)	124	— 4
GEC	494	— 6
Harris Queensway	160	— 6
Hoover A	128	— 7
Metal Box	286	— 8
Pearl Assurance	426	— 4
Royal Worcs.	320	— 10
Tate and Lyle	158	— 4
Tomatin	144	— 3
Turner and Newall	112	— 6
Victor Products	208	— 7
Aran Energy	442	— 18
Nickelore	40xr	— 7
RCM	140	— 10
Western Mining	298	— 12

Jobless figures rise sharply as redundancies reach record and vacancies fall

Unemployment tops 2m as recession deepens

BY PETER RIDDELL, ECONOMIC CORRESPONDENT

UNEMPLOYMENT IS rising much more rapidly than expected after a dramatic acceleration during the summer as the recession has deepened and spread out across the economy.

Total unemployment in the UK has jumped to just over 2m for the first time in 45 years following a rise of 105,000 in the last month. This is in spite of a drop of nearly 31,000 in the number of school leavers out of work since mid-July. The total is officially expected to remain above 2m for the rest of the year.

The marked change in the state of the labour market this year was underlined yesterday by new Employment Department figures showing a sharp fall in employment in the service as well as the manufacturing sector, by a record level of redundancies and by a continuing fall in notified vacancies.

The most worrying sign is the deterioration in the underlying position after deducting school leavers and after adjusting for seasonal variations.

Adult unemployment in the UK rose by a record 89,900 in the month to mid-August to 1.696m, seasonally adjusted. This is equivalent to 7 per cent of the total workforce.

The rate of monthly increase has accelerated to an average of 70,600 between June and August. This compares with less than 40,000 earlier this year and is much larger than in 1974-75. Nearly half the 434,000 rise in the last year has occurred in the last three months.

Two million jobless—the widening gap and Editorial Comment, Page 16
Economic Viewpoint, Page 17
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Strikes total a record low, Page 7
ICI to axe 600 jobs, Back Page

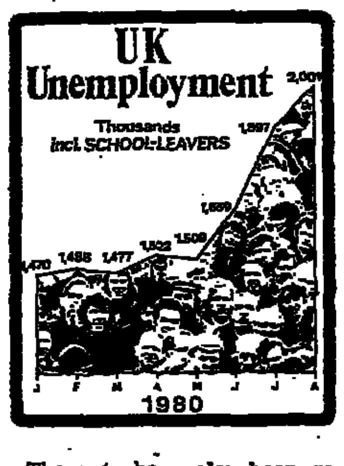
Unemployment is clearly rising more rapidly than expected. The Great Britain total of 1.62m is already higher than the average figure of 1.6m assumed for the whole of 1980-1981 in the last public expenditure White Paper. This is likely to boost both spending on social security benefits and an already high level of public sector borrowing.

In spite of yesterday's "sound and fury" there are no signs in Whitehall of even an intention to review the current economic strategy, though measures to alleviate youth unemployment will appear in the autumn.

Officials yesterday conceded that total unemployment would remain over 2m and could rise towards the end of this year and early next year. This is because the expected fall in the number of school leavers out of work may be offset by the strong underlying rise in the adult total, if it continues, and by seasonal influences.

The only partially comforting point in yesterday's figures is that the number of school leavers out of work has started to fall as companies begin to recruit after the holidays. The total has dropped by nearly 31,000 in the last month to 265,000, still 78,000 higher than a year ago. In July over two-fifths of the unemployed total were aged under 25.

Redundancies notified to the Employment Department are estimated to have been 36,000 in July. The cumulative total in the first seven months this year of 229,600 was more than double the level of last year and was the highest since records began in 1969.



The cuts have also been reflected in a drop in notified vacancies—down 5,600 on a seasonally adjusted basis in the month to mid-August to 120,400, or less than half the figure of a year ago.

These figures are in turn a reflection of falling employment. Manufacturing employment is dropping by 50,000 a month for a total fall of over 350,000 in the year to June.

But, unlike the last recession, employment in service industries is also falling.

Thatcher says policy is right

BY RICHARD EVANS AND CHRISTIAN TYLER

THE PRIME MINISTER refused to offer any policy concessions to angry Labour and union leaders yesterday after publication of figures that ensure unemployment will dominate political debate for the foreseeable future.

Mrs. Thatcher's immediate response to the highest jobless totals for nearly 50 years was uncompromising: "There will be no change in the Government's policies because they are right," she declared during a visit to Cambridge.

The 2m unemployment total, coming only days before the annual Trades Union Congress, has handed the unions a stick with which to belabour the Government. It will help to intensify the programme of demonstrations and rallies planned by the TUC as part of its propaganda campaign to turn public opinion against current policies.

Mr. Len Murray, TUC general secretary, said: "Two million people on the scrapheap of unemployment is two million too many. The Government's only reaction is to blame anybody but themselves. That is just not good enough for the 2m unemployed, or for Britain. We need action, and fast, to tackle unemployment as the number one priority."

But the CBI, echoing the Government's own comment, blamed lack of efficiency and over-large wage rises unmatched by productivity improvements.

There are indications of Government unease at the scale of the increase in unemployment. But the hope is that the trough of the recession will be reached around the end of the year, and prospects for jobs will then improve.

Meanwhile Mr. James Prior, Employment Secretary is preparing a package of measures aimed primarily at relieving unemployment among the young and at retraining. While this will have only a marginal impact, the belief is that it could help psychologically.

Two factors remain unclear and either could determine the Government's future course of action: the attitude of the so-called wets in the Cabinet to the scale of unemployment, and the response of public opinion to the deterioration in job prospects.

Mrs. Thatcher, commenting on the figures, said the country had to face reality. The only way to succeed was by making good products, good design and good delivery.

One of the reasons for the sharp increase in unemployment in her view was that last year

Continued on Back Page

Polish negotiator fails to resume strike talks

BY CHRISTOPHER BOBINSKI IN GDANSK

THE CHIEF Polish Government negotiator yesterday unexpectedly failed to return from a Warsaw meeting with the country's Communist leaders to resume talks with strikers in the Baltic port of Gdansk.

This added to the uncertainty in the crucial shipyard talks although experts from both sides did meet in Gdansk to discuss strikers' demands for independent trade unions and other political reforms.

Mr. Lech Walesa, a strike leader, told shipyard workers that the talks were "below our expectations" and added that there was still a gap between the two sides.

It was not clear whether the non-appearance at the meeting of Mr. Mieczyslaw Jagielski, a Deputy Premier who headed the negotiating team, meant a toughening in the government's determination to end the strikes.

Mr. Jagielski had travelled to Warsaw on Tuesday for a hurried briefing with Mr. Edward Gierek, Communist Party leader, and the Party's ruling Politburo.

Industrial unrest spread further during the day with more workers stopping work in the central city of Lodz and Worclaw, close to the Silesian coal-mining region.

The workers want independent unions alongside the official trade union structure and have rejected as insufficient Mr. Gierek's offer of free trade union elections.

The Soviet Union, meanwhile, in a report by the official Tass news agency, has criticised "anti-Socialist elements" in Poland who, it said, were trying to divert the country from Socialism.

After yesterday's talks Mr. Walesa said the Government side was modifying its position and that the talks would continue. The experts committee was set up on Tuesday after a plenary session of the talks with Mr. Jagielski revealed that the strikers regarded the independent trade union issue as the most important.

It is thought in Gdansk that the local authorities understand the need to settle the trade union issue on the strikers' terms. The local Party first secretary also went to the politburo meeting in Warsaw to argue the case for agreement.

David Buchan adds from Washington: Poland has asked the U.S. for an extra $120m credit next year to help finance food purchases from the U.S.,

The rise in meat prices was a catalyst in the labour disturbances in Poland, and U.S. officials are aware that granting an increase in export credits from $550m this year to $670m next year would go some way to easing the predicament of the Gierek government.

Russian reaction, Page 2
Floods hit Soviet agriculture, Page 2

Massey in talks on state aid

BY OUR FOREIGN STAFF

MASSEY - FERGUSON, the Toronto-based farm equipment manufacturer, is talking to the Canadian Federal Government on possible state equity participation in the company.

The company, which owns the Perkins Engine Group in the UK, has turned to Ottawa in an effort to overcome its financial difficulties. Under consideration is Government participation in Massey's proposed C$500m (£182m) share issue.

Confirmation that wide-ranging talks have taken place in Ottawa over the past several weeks came yesterday from both Massey and Mr. Herbert Gray, Canada's Industry Minister.

The question of an aid package for the debt-ridden company was also raised at a meeting of the Federal Cabinet's economic development committee earlier this week.

A Government purchase of stock and, therefore, Government part-ownership of the troubled company would be unprecedented, though the Government has in the past taken over companies entirely. Alternative forms of assistance might involve direct loans, loan guarantees or participation by one of several federally-controlled organisations.

Mr. Peter Lowry, general corporate affairs manager for Massey Ferguson, confirmed that there was "no single plan or proposal." The company is expected to report on progress in its talks early next month.

Massey's latest report shows bank debt totalling C$959m and long-term debt of C$598m. Last year it announced plans to seek new equity of C$300m to C$500m, a target subsequently revised to the upper end of that range.

Massey also reported a 91 per cent drop in net income to $3.2m in the first six months of the year, having suffered from a downturn in the farm machinery market.

Earlier this summer the company was forced to lay off 5,000 Canadian workers for three months. Over the past two years about 20,000 workers have been laid off worldwide, and the company has sold several subsidiaries in Europe and Latin America.

Massey's controlling shareholder, Argus Corporation, which is in turn owned by the Black family of Toronto, has undertaken to invest further in the company if any new financing package can be organised.

The Canada Development Corporation, a large holding company owned by the Federal Government with public participation, is known to have considered the theoretical possibility of participating in a new financing package for Massey. But it is not known what the price for a Government rescue would be and whether the Black group would be willing to surrender control.

The possibility of Ottawa taking control is felt to be small at the moment. But Massey is a major employer in the key province of Ontario, which was vital in the return of the Trudeau Government to power earlier this year.

£ in New York

—	Aug. 26	Previous
Spot	$2.3820-3830	$2.3680-3690
1 month	1.35-1.30 dis	1.47-1.41 dis
3 months	2.90-2.85 dis	3.08-3.03 dis
12 months	6.40-6.30 dis	6.75-6.69 dis

Blue Circle interim up 66%

BY MICHAEL CASSELL

BLUE CIRCLE INDUSTRIES yesterday announced a 66 per cent increase in interim profits and plans for a £47m rights issue to help finance a UK plant modernisation programme.

Pre-tax profits for the six months to the end of June rose from £20.6m to £34.2m on turnover up from £228.3m to £303.6m. Even so, Blue Circle shares closed down 4p at 366p.

Sir Rowland Wright, chairman of Blue Circle, also said the group intended to revive its bid for Armitage Shanks, the sanitary ware manufacturers, if it was given clearance by an impending report from the Monopolies Commission.

Sir Rowland said the £33m bid, which lapsed in March this year when the Office of Fair Trading intervened, was "in the waste paper basket" and any new approach would be on a fresh basis. Blue Circle has almost 15 per cent of the Armitage Shanks equity.

The terms of the rights issue, which has been underwritten by Baring Brothers, offer one ordinary share for every five ordinary shares already held. The new stock will not attract the 5p interim dividend payable for the current year. A final dividend of 10p is recommended.

Sir Rowland said the issue was intended to finance a modernisation programme following the group's major rationalisation of UK cement manufacturing facilities in the 1960s and early 1970s. This had led to increased efficiency and substantial energy savings but a further phase of renewal was "essential."

Blue Circle, which has a cement-producing capacity of between 10.5m and 11m tonnes a year in the UK, expects capital expenditure on manufacturing plant to reach about £35m in the current financial year. This is now likely to rise as high as £55m in 1981, a total which in turn could be raised by 50 per cent over the following two years.

The capital expenditure plan is thought to include proposals for a new cement works with a possible capacity of 1m tonnes a year and which could cost as much at £75-£80m. Further substantial expenditure is also likely at the group's new Northfleet works in Kent.

Sir Rowland said domestic cement sales in the first half of the year had kept up well in spite of the construction recession but he warned that the remainder of 1980 would be hit by the fall in UK demand and by the full impact of higher fuel and labour costs. He would not make any forecasts about the final results.

Blue Circle's overseas operations made a £19.2m pre-tax contribution to group profits in the first six months and progress is expected to be satisfactory for the remainder of the year. The group is taking a 26 per cent stake in a new 1m tonne a year cement plant in Indonesia, representing an £8m investment.

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EUROPEAN NEWS

W. GERMANY'S WORKER-MANAGERS

Strauss steals a march in row on board parity

BY JONATHAN CARR IN BONN

WEST GERMANY'S dispute over co-determination in the steel industry has entered another round, amid signs that it is forcing changes in the traditional party landscape only five weeks before the general election.

When trade union representatives sat down again yesterday to argue their case with management, they were able to count on far-reaching support from an unusual quarter—the political opposition in Bonn.

The Government coalition Social Democrat and Free Democrat partners continue to squabble over co-determination. But the opposition Christian Democrats and Christian Social Union are threatening to outflank them.

Herr Wehner: a matter of timing.

The architect of the new move is the Opposition's candidate for the chancellorship, Herr Franz Josef Strauss, who has brought most doubters in the CDU-CSU round to his view.

At issue is whether the Mannesmann concern, through reorganisation of its pipes and steel divisions, will be able to escape strict parity representation for capital and labour on the supervisory boards of companies in the coal and steel industry. Labour-management negotiations have so far yielded no accord.

Herr Strauss and the CDU-CSU have now thrown their weight behind a compromise which would give labour at least part of what it is after. They propose that a company should only be permitted to escape the parity rule when less than 30 per cent of its turnover comes from steel and coal. At present the limit is 50 per cent.

Meanwhile the Social Democrats, mindful of their traditionally close links with labour, have considered bringing in a parliamentary Bill which would prevent Mannesmann escaping the parity regulations. It has been stopped so far by the Federal Democrats who hold that a law of 1976, which does not guarantee parity, is better suited to the needs of the modern German economy.

There has also been argument between Chancellor Helmut Schmidt and the powerful floor-leader of the Social Democratic parliamentary party, Herr Herbert Wehner, over the wisdom of trying to bring in a special Bill so close to an election. While Herr Wehner would have liked to go ahead, Herr Schmidt wanted to put the lid on the dispute for the time being.

One danger for the Federal Democrats is that the CDU-CSU and the Social Democrats may find themselves with enough common ground on co-determination to take parliamentary action together. That could force a split in the governing alliance which has ruled in Bonn for nearly 11 years.

Another possibility is that the Social Democrats may see some of their traditional support among labour weakened by the CDU-CSU move. While opinion polls give the Government coalition a lead in national support at present, it is not an unassailable one.

David Satter reports from Moscow on the Kremlin's lack of options

Russia keeping its hands off Poland

POLAND WOULD need to descend into chaos and near civil war before the Soviet Union felt compelled to intervene.

Trouble in Poland has historically been associated with a weakening of the Russian empire. If the Soviet press has given *pro-forma* endorsement to changes in the Polish political structure unthinkable 10 years ago, it was because, under present circumstances, the Soviet leadership may have had little choice.

The extreme sensitivity of the Polish strikes and the threat they pose to the whole Socialist bloc, were emphasised by the Soviet decision to jam Russian-language broadcasts by the BBC, the Voice of America and Deutsche Welle, and by the almost total silence in the Soviet press about Poland which prevailed until Monday.

Workers emulating the Polish model could undermine the Communist Party dictatorship in every East European Socialist country, and the decision to allow the changes proposed by Mr. Edward Gierek, the Polish party leader, which include free elections to the government trade union, was a major Soviet concession.

To have refused to compromise with the strikers would have carried even graver risks for the Soviet leaders than those presented by liberalisation. The Soviet Union is in no position to launch an invasion in Europe. It is badly strained by the resistance in Afghanistan and the prospect of worsening relations with the West.

The East European allies are independent of the Kremlin only to the extent that they are able to resist its wishes. If Poland were allowed to become as free and pluralistic as Yugoslavia, thereby exerting a strong attraction for people in other Socialist bloc countries, it would be because the Russians knew that, if they invaded, the Poles would be ready to fight.

The Soviet decision to invade a satellite state depends not only on the threat of ideological contamination from fundamental democratic reforms, but also on the military and political risk.

The Soviet leaders had little to lose when they ordered the invasion of Czechoslovakia in 1968. Détente and the development of economic and trade ties with the West had not begun, the Soviet Union was not militarily engaged elsewhere, whereas the U.S. was bogged down in Vietnam, and Czechoslovakia, with a population of only 15m, would clearly not resist.

Poland today is far different. Popular animosity towards Russians has deep roots, and the Soviet Union has tried not to interfere in Poland as long as Communist Party rule was not threatened. In 1956, when Mr. Wladyslaw Gomulka came to power backed by popular riots, Mr. Nikita Krushchev, the Soviet Premier, was taken by surprise and immediately flew to Warsaw without informing Polish border guards.

The invasion of Czechoslovakia required 600,000 troops, 500,000 of them drawn from the Soviet Union itself, even though there was no significant Czechoslovak resistance. An invasion of Poland, through which run vital supply and communications lines between Russia and Soviet forces in East Germany, would require at least a million men. In the face of the expected intense resistance from the Polish Army, such an invasion would arouse little enthusiasm among more liberal Warsaw Pact members.

Since the invasion of Afghanistan, the Soviet leaders have, with remarkable skill, managed to maintain their ties with West Germany and France. These ties, and the access to Western technology which have flowed from them, have become more important to the Soviet leadership as the U.S.-Soviet relationship has come under strain.

An invasion of Poland, and a long struggle to subdue it, would probably ensure Mr. Ronald Reagan's election as President of the United States and mark the start of an uncontrolled arms race. By alienating Western Europe, it would threaten the credit and trade position of the entire Socialist bloc, thereby confirming a new cold war. It would also provoke a drop in the Soviet standard of living which could in turn lead to the first widespread labour unrest in the Soviet Union itself.

It was probably with this in mind that the Soviet leaders decided to back Mr. Gierek, tacitly endorsing his proposals by reporting them in some detail in the controlled Press, even though the mention of political reforms being forced on a Communist government by "social dissatisfaction" made astonishing reading for Soviet citizens.

Even if the Polish strikers accepted Mr. Gierek's proposals for free elections to the government unions, rather than holding out for the establishment of independent unions, the party's power could be seriously reduced. Poland would then have a degree of political pluralism which does not exist in any other Warsaw Pact country. Under the circumstances, new and tighter restrictions on contacts between Polish and Soviet citizens would be inevitable.

Striking workers at the Lenin shipyard in Dansk beneath a sign showing the Soviet and Polish flags side by side.

The Soviet leadership can probably live with these changes, provided that Poland's essential allegiance to the Socialist bloc is not called into question and that no opening is created whereby the party could lose overall control.

The Soviet Union's policy towards its allies is dictated by the expediencies of maintaining control over a vast and diverse empire. As long as Communist regimes keep power, these expediences can change.

Interest ban ended by Swiss

By John Wicks in Zurich

SWITZERLAND has announced the scrapping of its final measure aimed at warding off foreign money. From Sunday, interest will again be payable on all Swiss franc foreign accounts held with Swiss banks.

In February and March, the interest ban on foreign Swiss franc holdings was eased so as to apply only to sight deposits and to time deposits of less than three months. Restrictions on forward Swiss franc sales by foreigners had first been eased and then removed.

The Swiss National Bank and the Finance Ministry said yesterday that the last limitation on foreign accounts had been dropped because the Swiss economy was no longer disturbed or threatened by an excessive influx of funds from abroad.

AP reports from Bern: Israel's proclamation of a united Jerusalem as its eternal capital has led to delay in the signing of a social security agreement with Switzerland.

A Government spokesman said after the weekly Cabinet meeting yesterday that the signing could not take place in west Jerusalem as planned.

Officials said Switzerland would be ready to sign the agreement without delay if the Israeli Government would accept Bern or Tel Aviv as the signing site.

Soviet agriculture hard hit by floods

BY LESLIE COLITT IN WEST BERLIN

WIDESPREAD damage has been caused to agriculture in the western Soviet republic of Byelo Russia, bordering Poland, after hurricane-force storms and heavy rains followed by flooding. The region is an important meat producer and considerable loss of livestock is reported.

The district of Brest was the worst hit, with flooding in the city centre as well. High tension power lines were reported to have been brought down. Trees were uprooted and blocked some roads. Damage to buildings was also said to have been substantial.

Rescue teams are trying to save stranded cattle. And 100,000 city dwellers have been ordered to the countryside to save as much of the waterlogged harvest as possible.

The same region was affected by flooding last year. There have been extremely heavy rains and flooding in eastern Europe this summer and more than 2m acres in Poland alone have been under water. Grain-growing parts of the Ukraine were also struck by torrential rains causing major rivers to flood.

Reuter reports from New York: U.S. dockers decided yesterday to refuse to handle cargoes to and from Poland immediately, the decision was announced by Mr. Thomas Gleason, president of the International Longshoremen's Association. The boycott is expected to disrupt valuable grain shipments to Poland.

The action, planned as a demonstration of solidarity with the striking Polish workers, was announced last week but was delayed until international labour unions in Europe were notified, Mr. Gleason said. He said that those unions had since sent letters of support to the Polish strikers.

The 110,000-member union represents dockers at ports from Maine to Texas. Mr. Gleason said the workers would finish whatever had been started on the one Polish ship working in New York and after that no Polish cargo would go on any ships.

Asked how long the boycott would continue, he said: "We'll play it by ear."

Reuter reports from Bonn: West German Roman Catholic Church leaders, including the primate Cardinal Joseph Hoeffner, will visit Poland next month at the invitation of Cardinal Stefan Wyszynski, the German bishop's conference said yesterday.

The delegation, which will include three cardinals and four bishops, is returning a visit made to West Germany two years ago by Polish Catholic Church leaders who included Pope John Paul II, then Bishop of Krakow.

The five-day visit, which begins on September 11, will take the German visitors to the former Nazi death camp at Auschwitz, as well as Czestochowa, Wroclaw, Krakow and Warsaw.

Deadlock in Irish wage talks

By Stewart Dalby in Dublin

WITH IRELAND'S national wage agreement due to run out for most workersat the end of this week, representatives of trades unions and employers are still locked in debate about a replacement.

Under the aegis of the Irish Congress of Trade Unions, the unions are asking for a 20 per cent rise for 12 months. This is said to be in line with inflation but is 2 per cent higher than the old agreement.

The best offer from the employers has been 11½ per cent for 18 months.

The two sides have been sidetracked by a dispute over a pay award granted by an independent commission last year to Ministers, Ministers of State, judges and senior civil servants. The Government has now decided not to award the second phase of the rise, which was due to come into effect on June 21 and would have provided between Ir£750 (£660) and Ir£3,500 (£3,100) to 250 senior civil servants. Some union officials have charged that this is in breach of the old national agreement.

Over the past 10 years, national wage agreements have generally been respected although there have been glaring exceptions—most recently, the 25 per cent awarded to Pst Office workers which is well above the old national agreement of 18 per cent.

Last year, for the first time, the Government because directly involved in the talks when Mr. Charles Haughey, the Prime Minister, suggested that an agreement of between 7 and 8 per cent would be in order.

Since then he has said that in return for a "moderate" agreement, the Government would be prepared to spend funds on job creation. But it is not clear if he is still thinking of 8 per cent.

Schmidt renews his commitment to West

BY OUR BONN CORRESPONDENT

CHANCELLOR Helmut Schmidt has ruled out any effort by West Germany to play a neutral role between East and West, stressing that this would endanger security and could gain no majority support.

In a newspaper article, Herr Schmidt said he knew that a few of West Germany's partners and neighbours had some doubts about Bonn's position on this issue and that this doubt was misused for domestic political purposes by the German opposition.

But he stressed that a balance in Europe could only be maintained so long as West Germany belonged to the Western alliance, that Germans in both East and West knew that, and that they were willing to pay a high price for it "namely the temporary continuation of the division of Germany."

Herr Schmidt's remarks, in next Sunday's edition of the weekly Deutsches Allgemeines Sonntagsblatt, come at a time when, with the general election five weeks away, Bonn's foreign policy is coming under redoubled attack from the opposition.

Opposition politicians have pointed to the result of a recent opinion poll which indicated that while 52 per cent of the population favoured continued strong ties with the U.S., more than 40 per cent preferred a course between the two super-powers.

In comments yesterday, the opposition's candidate for Chancellor, Herr Franz Josef Strauss, said that for the furtherance of Soviet Western policy, Herr Schmidt was "the most useful German Chancellor there has ever been."

Simultaneously, Herr Strauss's Christian Social Union released a booklet in Bonn about parliamentary members of Herr Schmidt's Social Democrat party entitled "the Moscow-faction of the SPD. A danger for our freedom."

Trade gap worsens for Cyprus

By Our Nicosia Correspondent

CYPRUS'S trade gap showed a serious deterioration during the first half of this year, according to figures just published.

Imports in the first six months of 1980 rose to C£222.7m (£266.4m), while exports stood at only C£92.6m (£111.1m). The figures for the comparable period last year were C£162m and C£82.7m respectively.

Imports from Britain reached C31.6m (C£28.5m last year), while exports reached C£23m (C£24.8m).

Trade with the European Community countries in general was unfavourable for the island (imports C£94.7m and exports C£28.6m), but trade with Arab countries was evenly balanced, at around C£33m each side. Imports from Arab countries included a bill of C£26m for oil imports from Iraq.

Heart-searching by Dutch over Jerusalem

BY MICHAEL VAN OS IN AMSTERDAM

SHORTLY BEFORE the Dutch Government announced on Monday that it was moving its embassy in Israel from Jerusalem to Tel Aviv, a Dutch newspaper said that such a decision would mean the end of the Netherlands' self-proclaimed moral leadership of the Western world.

But the decision has also damaged the sensitive special relationship between the Netherlands and Israel, although the Dutch are already trying to patch it up again.

Most Dutch parliamentary leaders have accepted that the Netherlands had little choice after the Security Council recommendation that embassies be moved and in view of mounting Arab pressures. A former Foreign Minister, Mr. Max van der Stoel, of the opposition Labour Party, who had rejected the embassy move, now points out that the Netherlands has never failed to respond to Security Council recommendations.

Emotions have been fuelled by the feeling among most Dutchmen that it was primarily Arab economic pressure that caused the embassy decision. The major political parties will be seeking more information from the Government on this point in a parliamentary debate today.

A Government foreign affairs spokesman summed up the general feeling, however, when he said that it was evident that the embassy decision had been taken as a result of economic pressure, "bringing home just how powerful the Arab states have become."

Mr. Chris van der Klauuw, the Foreign Minister, has said that the Netherlands was caught between the "stone-hearted Israeli stance on Jerusalem and the stone-hearted demand from the Arab side." Although, he said, the Security Council's recommendation on Jerusalem was the prime reason for the Government's decision, "honesty obliges me to say that the Arab demands and the possible consequences (of not agreeing to them) have also been a factor."

Mr. Gijs van Aardenne, the Economics Minister, minced his words even less. He pointed out that Dutch trade with the Arab countries was considerable, that negotiations were likely with those countries for a number of very large contracts, and that it was not certain that the Netherlands' partners in the International Energy Agency would help the country if oil supplies were restricted, as a result of its maintaining an embassy in Jerusalem.

The Minister stressed that Saudi Arabia and Iraq—two very important trading partners—had threatened sanctions and he recalled that of the 36m tonnes of oil imported from the Middle East in 1979, those two countries accounted for over 20m tonnes.

Dutch exports to the Arab world totalled Fl 4bn (£859m) in 1979, the Minister said. There was little doubt that his message coincided with the views of the leaders of Dutch business, and industry which have been hit hard by the world economic downturn.

Danish call for change in N Sea hydrocarbon terms

BY OUR COPENHAGEN CORRESPONDENT

DENMARK'S Social Democrats will press for a change in the terms for exploiting hydrocarbon deposits in the Danish sector of the North Sea, to bring them into line with terms in the Norwegian and British sectors.

The executive of the ruling party will put a resolution to this effect to the party congress in September. The executive has rejected a call from some party branches for nationalisation of North Sea resources.

But Mr. Preben Steen Nielsen, Social Democratic chairman of the Folketing energy committee was quoted yesterday as saying that if the concession holder does not agree to changes in the terms, nationalisation was a possibility.

The AP Moeller shipping and industrial group has a 50-year exclusive concession signed in 1962. It carries an 8½ per cent royalty and in addition corporate income tax at the standard rate of 40 per cent.

Companies with concessions in the Norwegian and British sectors must pay 80-85 per cent in tax on North Sea revenues. Moeller exercises its concession together with Shell, Texaco and Chevron in the Danish Underground Consortium.

● Denmark's second-quarter current account deficit increased to Kr 3.1bn (£23.4m) from Kr 2.8bn (£21.2m) in the same quarter last year, but was an improvement on the Kr 6.4bn first-quarter deficit.

However, the second-quarter deficit was affected by changes in Customs registration procedures for imports which brought the figure down by about Kr 1.2bn.

The first-half deficit of Kr 10.7bn compares with a figure last year of Kr 8.3bn and an annual deficit of Kr 15.4bn. The Government has forecast a deficit this year of Kr 18-19bn, or almost 5 per cent of gross domestic product.

Hourly wage costs in Danish industry rose by 12 per cent in the 12 months to May, according to the official index.

Navarre fears Basque terror campaign

BY ROBERT GRAHAM IN MADRID

THE HARDLINE military wing of ETA, the Basque separatist organisation, has claimed responsibility for the assassination attempt last Friday on Sr. Jose Javier Uranga, editor of the Diario de Navarra.

Sr. Uranga, who was yesterday out of danger, was fired on at point-blank range by two youths.

The claim has raised fears that ETA has initiated a terror campaign aimed specifically at Navarre province, one of the four regarded as historically within the Basque region.

In the formulation of the Basque autonomy statute in July 1979, Navarre was not directly included, reflecting opposition by Conservative Catholic elements in Navarre to the idea of integration with the provinces of Alava, Guipuzcoa and Vizcaya.

It also reflected the complex individual historical heritage of the province which had achieved under Franco a greater degree of autonomy, especially in fiscal matters, than other Spanish regions.

The problem of Navarre was put to one side on the understanding that the matter be decided according to the constitution by a referendum vote.

However, the terms of the constitution are sufficiently vague for the Madrid government, which has supported the Conservative elements in Navarre, to drag its heels. But pressure is growing for an early referendum.

The other three provinces want Navarre incorporated as soon as possible into the Basque autonomous region.

It is against this background that ETA has chosen to step in. Previously it has confined its actions largely to Guipuzcoa and Vizcaya.

The newspaper is the most influential in the province, and has been critical of Basque nationalism and any link with the Basque autonomous region.

At the same time, the political military wing of ETA has itself begun to be more active in Navarre. It claimed responsibility last week for two grenade attacks on civil guard establishments in the province and issued a statement saying that a referendum had to be imposed on Navarre by "force of arms."

The authorities are concerned that attempts to foment trouble in Navarre could thrive on the already sharp polarisation of the province.

Maltese expel 33 Libyans

By Our Valletta Correspondent

MALTA yesterday asked a group of 33 Libyan military personnel to leave the country as the row between the two countries over offshore oil drilling rights continued. The Libyans were expected to fly home last night.

In what appeared to be a precautionary move, anti-aircraft guns at Luqa airport were put on full alert for a time yesterday.

Mr. Dom Mintoff, the Prime Minister, has made no statement on the crisis and appears to be hoping that it can be defused through diplomatic channels.

It is not clear whether drilling by Texaco in the disputed area on the Medina Bank, 60 miles south of Malta, is continuing. ENI, the Italian State energy organisation has stated that its rig, Saipem Two, which is leased to Texaco, has suspended all operations and is being moved out of the area. Diplomats, Texaco and the Malta Government organisation which is servicing the rig, claim that drilling is still taking place.

Turkey to seek rescheduling of $3bn lent last year

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

TURKEY is next month to ask Western banks to ease the terms under which they lent it over $3bn a year ago. In an attempt to launch the final stage of what is already the largest rescheduling of debts ever to be carried out. Turkey will request the rescheduling or refinancing of many debts which have already been rolled over once. The banks' initial reaction is that they will strongly resist the Turkish request.

The decision to open discussions with the banks was announced in an interview yesterday by Mr. Turgut Ozal, the Under-Secretary to the Turkish Prime Minister responsible for co-ordinating economic policy.

He said that he would be raising the issue with representatives of the banks when he visited Washington at the end of next month for the annual meetings of the International Monetary Fund and the World Bank.

These institutions have already made major loans to Turkey this year and Mr. Ozal's trip to London was mainly to review with an IMF team the three-year $1.65bn standby agreement which the IMF approved last month. This is the largest agreement, in terms of a country's quota with the IMF, that the fund has yet approved.

Turkey's external debts total $16bn.

Last month, Western governments agreed to roll over $3bn of official Turkish debt that falls due in the next three years. Such moves and a $250m 15-year interest-free loan signed with Saudi Arabia on Saturday reflect outside concern at the need for stability in Turkey. Mr. Ozal, too, argues that economic recovery will help in the battle against the "infection" or anarchic terror which is causing about 200 deaths each month.

TURKEY'S FINANCING REQUIREMENTS

	1979	1980	1981
Deficit on trade and invisibles	671	1,800	1,850
Interest on debt*	1,100	1,540	1,670
Repayment of debt*	760	1,070	1,200
Total	2,531	4,410	4,720

* Excludes debt relief

Source: IMF estimates and forecasts. June 4, 1980

Mr. Ozal is hoping that both the IMF and Western Governments will back his requests to the banks, but he also claims that since he introduced a major austerity programme in January the economy has begun to turn the corner. Inflation, he says, has fallen from a rate of 100 per cent last year to a current rate nearer 2 per cent per month.

The blackmarket rate for the Turkish lira has fallen close to the official rate. Emigrants' remittances are recovering and there have ceased to be major shortages of oil and many industrial products.

But Turkey will still need up to $1bn of fresh money or debt relief from the banks next year, according to Mr. Ozal. He argues that they have made and are making good profits out of Turkey but that they have "a moral responsibility at least to be reasonably helpful."

Turkey's position will be tight for at least five years and Mr. Ozal is pressing for grace periods of this length, instead of the three years agreed with the banks last year. He would be happy either with a major rescheduling by the 250-odd banks with loans to Turkey or with a group of about 25 major banks to refinance the debt.

Bankers yesterday warned that there would be "tremendous resistance" to refinancing. They said that this would not help Turkey achieve its basic aim of obtaining further funds. They are also opposed to rescheduling. It is only a year since the banks reached agreement with Turkey and they believe that Turkey would "do its own cause good by waiting," as one banker said.

In general, the West German banks seem slightly more sympathetic to Turkey than the U.S. banks, but the two groups prefer to march together. Both point out that Turkey is still not using all the acceptance facilities and letters of credit open to it. The banks have gradually been increasing their short-term lines to Turkey and these now total up to $1bn.

Ombudsman for Norway's young

By Our Oslo Correspondent

NORWAY'S children should have an ombudsman to protect their rights and interests, according to the country's Labour Government. It has asked Parliament to approve the creation of a new post for a man or woman to do the job, helped by a council of advisers.

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Army strong man is new South Korean president

BY CHARLES SMITH IN SEOUL

SOUTH KOREA'S former military strong man, Gen. Chun Doo-hwan (retired) took over as civilian president of the country yesterday after the formality of election by the National Council for Unification.

Gen. Chun, who has exercised effective control of the Government since early this year, resigned from the army last week in order to become eligible for the presidency.

His election was by the 2,540-member council in accordance with the provisions of the Yushin Constitution under which the late President Park Chung-hee held office. President Park was assassinated last October.

A new constitution is expected to be introduced later this year providing for a more liberal election procedure but Mr. Chun appears certain to be returned to office again under the new system.

Barring unexpected upheavals he should therefore be in power for the next seven to eight years.

In a statement, the general showed he would not tolerate dissent in South Korea. He called for unity and the elimination of "elements impeding the nation's interest and progress. . . ."

Gen. Chun became prominent last December when an internal putsch within the Korean army gave power to a group of officers who favoured the continuation of an authoritarian system of government for Korea rather than the Western-style democracy mooted after President Park's assassination.

In May he became chairman of the Standing Committee for National Security Measures (SCNSM), a kind of parallel government which increasingly overshadowed Korea's civilian administration until Mr. Choi Kyu-Hah, stepped down earlier this month.

Gen. Chun Doo-hwan salutes at a ceremony to mark his retirement.

During the gap between Mr. Choi's resignation and yesterday's election, former Prime Minister Park Choon-hoong held office as acting President.

Mr. Chun, aged 49, is a former chief of the Army's internal security service and a strong believer in the need for discipline in public life. As Chairman of the SCNSM, he masterminded a series of purges of reputedly corrupt bureaucrats and politicians.

President Chun's first task in office will be to determine the fate of Mr. Kim Dae-Jung, the opposition's politician who is on trial for his life for allegedly attempting to overthrow the Government during the students' uprising of last May.

Mr. Kim, though undoubtedly innocent of the charges against him, is seen as a potential focus of opposition to the regime and therefore as a threat to the nation's stability. The Government would probably like to have him executed but may be deterred by pressures from the U.S. and Japan.

President Chun's next task will be to consider measures to stimulate the Korean economy—which contracted by 4 per cent during the first half of 1980 despite continuing rapid inflation.

Israel plans six more settlements

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS decided to build six more Jewish settlements on the occupied West Bank, a move which is likely to increase further the strain in relations with the U.S.

It is also likely to hamper American efforts to persuade Egypt to resume negotiations over the future of the West Bank and Gaza Strip.

Mr. Sol Linowitz, the special U.S. envoy to the autonomy talks, is due in Israel on Sunday at the start of a mission aimed at reopening the talks.

Egypt suspended the negotiations in May and refused to restart them despite American mediation attempts because of its objections to Israeli settlement policy and the recently approved Jerusalem law. Cairo says these actions are for closing the options for Palestinian autonomy.

President Anwar Sadat of Egypt has indicated that he thinks there is little chance of making any progress on autonomy before the U.S. presidential elections.

The cabinet decided on building the settlements at a secret session on Sunday, according to the Jerusalem Post, newspaper which says the Professor Yigael Yadin, the deputy prime minister, intends appealing against the plan for the three of the settlements.

Israel has delivered very strong protests to Washington over the American absention during last week's UN Security Council vote to condemn the new Israeli law proclaiming all of Jerusalem the nation's capital.

AP reports from Beirut: Arab interior Ministers, concerned about mounting instability in the Gulf, are meeting in Saudi Arabia to discuss ways of tightening control over their own people.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.

Japan plans to increase oil stockpile

TOKYO — Japan announced yesterday it is taking advantage of a world glut of oil to build up its stocks as a cushion against possible future shortages.

The Japanese import nearly 90 per cent of their total energy needs and are vulnerable to interruptions of oil supplies. Consumer stockpiling is, however, criticised by the Organisation of Petroleum Exporting Countries.

Mr. Rukusuke Tanaka, Japanese International Trade Minister, told a news conference yesterday that the Government plans to push its own oil stockpile up to 30m kilolitres (190m barrels) from the present 5.24m kilolitres (33m barrels).

He said this would take advantage of the current glut and boost Government stocks from seven to 40 days normal use. Combined with refinery stocks, Japan's total reserve would be nearly 150 days.

Japanese International Trade

Mr. Tanaka did not specify over what period the build-up would take place, but two to three years is likely.

Even if stocks reach the target, Mr. Tanaka said, Japan would still be behind countries like West Germany.

Reuter

Michael Holman, recently in Nairobi, reports on a gathering economic crisis in Africa

East Africa becoming a no-growth area

TREASURIES AND planning departments all over East Africa are hoisting warning flags which their political masters cannot ignore. Economic growth in the early 1980s will be negligible or even negative, with profound repercussions for governments. Real incomes will fall, there will be fewer jobs and school places, and social services will deteriorate.

The message, underlined in the recently published World Bank report for 1980, comes as the area is facing its most serious food shortage for decades. Tensions in the region are considerable.

The plight crosses ideological boundaries. From broadly capitalist Malawi, whose average growth in the 1970s was 6.7 per cent, comes the forecast in this year's economic survey that "there will be no growth in the economy during 1980." In socialist Zambia, the Minister of Finance, during the January budget speech, told his countrymen of a "long and difficult journey ahead."

But the message is perhaps most starkly spelt out in a White Paper published by one of Africa's most stable and successful governments—Kenya.

"We must face squarely the fact that the coming years, and the next two years in particular, will be a time of austerity during which there will be slower growth of the economy, less employment creation and more limited social services than were envisaged," the paper warns.

It is not as if these states ended the 1970s without severe problems. All have to cope with an already considerable pool of unemployed. Zambia, for example, had 366,000 wage earners in 1971, and that figure probably does not exceed 370,000 today. The 30,000 school leavers who come into the jobs market each year are clearly not being absorbed.

Kenya, where the 3.9 per cent annual population growth is probably the world's highest, faces acute pressure on land, with some half a million landless peasants and continuing fragmentation of smallholdings. In Malawi, farm workers' average wages, pitifully low from the start, have been falling in real terms in recent years. In Tanzania, the poorly planned and implemented "villagisation" programme, which regrouped some 13m peasants, has adversely affected agricultural production.

Some reasons for the bleak prospects also cross ideological differences. The agriculture-dominated economies of Kenya, Uganda and Malawi have no more control over international prices for their export crops than does Zambia over the value of its copper, which provides 90 per cent of foreign exchange earnings.

One result is that these and other less-developed countries have been powerless to prevent deteriorating terms of trade with the industrialised world. Thus Malawi has watched the purchasing power of its exports (tea, sugar, tobacco) fall from an index of 84.7 in 1978 (the level was set at 100 in 1970), to 76.1 in 1979.

One main reason was the rising cost of fuel. Prof Kighoma Malima, Tanzania's Minister of State for Planning and Economic Affairs, calculates that oil imports took 10 per cent of Tanzania's export earnings in 1972: "But in 1980 a reduced quantity of oil imports will account for about 45 per cent of export earnings." Kenya needed the equivalent of some 60 per cent of its main export, coffee, to pay for petroleum imports in 1973. By 1979 that percentage had doubled.

The net result has been growing balance-of-payments difficulties in the region, and the consequent need for assistance from the International Monetary Fund and the World Bank. But the terms, particularly of the former, are often bitterly resented. When 40 policy makers and economists from developing countries met in the northern Tanzanian town of Arusha earlier this year they concluded their four-day conference with an outspoken attack on the Fund, describing its policies as a "menace."

Yet a few weeks later the host country, wracked by mounting arrears for import payments, exhausted foreign reserves and a 1979-80 balance-of-payments deficit estimated at over £200m, finally concluded what had been acrimonious negotiations with the Fund for an SDr 300m (£110m) programme over the next two years.

Not all East Africa's problems can be blamed on external factors. Government policies, inadequate in either conception or application, play a major part. The villagisation programme in Tanzania, while bringing benefits in eduaction and social services, has contributed to a fall in the cashew crop from 126,000 tons in 1972 to 69,000 tons in 1978, while coffee production is below 1972 levels. Zambian tobacco production is below pre-independence levels, and the state-owned National Agricultural Marketing Board is widely recognised as a grossly inefficient, massively subsidised obstacle to progress.

While the case for regional co-operation has never been stronger, regional tensions militate against this. Kenya remains acutely nervous about Somalia's claims to the northern chunk of its territory. And Kenya and Tanzania — whose common border has been closed since 1977—are at loggerheads over Uganda, with the former suspecting a plot concocted by President Julius Nyerere to reinstate former President Milton Obote and spread the Socialist doctrine in East Africa.

Meanwhile, Tanzania harbours exiled opponents of Dr. Hastings Banda, whose cool relations with Mozambique (dating back to his pro-Portuguese line during Mozambique's war for independence) were not improved by the ageing President's admission of responsibility for a parcel bomb which blew off the arms of a Malawi opposition leader.

What should have been a showpiece of regional co-operation—the Tanzania - Zambia railway—has turned out so inefficient that Zambia has been forced to use the route through the south.

The combination of austerity and policy shortcomings add up to a severe test of these countries' political institutions. Whatever their ideological difference, all the heads of state, ranging from the autocratic Dr. Banda to the articulate spokesman for the Third World, Dr. Nyerere, share a belief in one-party systems of government under which rival organisations are banned.

This leaves few safety valves, and as the economic screws tighten it would seem that internal dissent must increase.

WORLD IN RECESSION

The economic problems confronting East Africa spread right across ideological boundaries, affecting the broadly capitalist regime of Dr. Kamuzu Banda, President of Malawi, left, as much as the Socialist Government of Dr. Julius Nyerere, President of Tanzania, right. As the economic screws tighten, it would seem that internal dissent must increase.

AMERICAN NEWS

EUROPEAN NUCLEAR REDUCTION

Missile talks 'expected soon'

BY DAVID BUCHAN IN WASHINGTON

A PRELIMINARY discussion on reducing medium range nuclear missiles based in Europe may come next month when Mr. Andre Gromyko, his Soviet counterpart, during the United Nations sessions in New York.

This emerged from a meeting Mr. Muskie held here late on Tuesday with Herr Hans Dietrich Genscher, the West German Foreign Miinster, after which they issued a statement saying that a first exchange between the U.S. and the Soviet Union is "expected to occur at an early date."

They rejected the Soviet complaint that the West was dragging its feet on the issue, expressed in a letter by President Leonid Brezhnev to NATO governments last Friad.

Herr Genscher . . . rejected Soviet complaint.

But it was clear that various factors, including the U.S. and West German elections, continued East-West tension over Afghanistan, worry over Poland and concern about the attitudes of smaller NATO countries, made Western leaders reluctant to rush into negotiations.

NATO originally proposed future negotiations to limit tactical nuclear missiles in Europe last December, when it decided first to go ahead and deploy U.S.-made Cruise and Pershing missiles in Western European bases.

The NATO offer was made to win over wavering Western governments to the view that a decision to deploy the Cruise and Peshing missiles by 1983 could be used as a bargaining counter to pressure hte Kremlin into mutual nuclear weapon reductions in the future.

Nothing that NATO was delaying and following up its own negotiations offer, Mr. Brezhnev reiterated in his recent letter Soviet willingness ot begin discussions

"I don't really think 'slow' characterises our approach to this problem. We have to consult with our allies, we have to make technical preparations." Mr. Muskie said after his meeting with Herr Genscher.

There has been some resistance from the U.S. Defence Department and specialists on the National Security Council, to an early start in negotiating what are called "theatre nuclear forces," officials here say.

Mr. Muskie . . . September meeting possible.

More important, the administration is wary that negotiations in the next few months could be politically embarrassing while Mr. Ronald Reagan is on the campaign warpath, calling for increased defence spending.

Auto workers help close ranks behind Carter

BY OUR WASHINGTON CORRESPONDENT

THE CLOSING of traditional Democratic ranks behind President Carter has taken a further step with his endorsement by the executive board of the United Auto Workers, the country's second largest trade union, with 1.4m members.

Mr. Doug Fraser, the UAW's president and hitherto the prime labour backer of Senator Edward Kennedy, said his union's board now "very enthusiastically" supported the President against Mr. Ronald Reagan, the Republican challenger.

But Mr. Fraser admitted Mr. Reagan has made inroads among his rank and file membership, and this week the Republican Party announced a $4.3m television advertising blitz aimed at the blue collar vote. Their existing adverts carry such lines as "If Democrats are good for working people, how come so many people aren't working?"

In his economic package to be announced today, Mr. Carter is expected to ask Congress to extend unemployment benefits from 39 weeks to 52 weeks for laid-off workers. He will also outline tax-cutting plans to be submitted to Congress next year

But yesterday, Mr. Al Ullman, chairman of the House Ways and Means Committee, said his committee will start drafting tax cut legislation this year, if the Senate passes a Bill. The House's delay on tax reductions so far has pleased the White House.

Addressing the Teamsters, the one U.S. trade union where he can draw fairly wide support, Mr. Reagan yesterday switched his attack on Mr. Carter to the economic field, calling Administration policies "bankrupt" and leading to "the Carter depression."

The Republican challenger, who in the last major opinion polls still held a narrow lead, is most anxious to switch attention from his gaffe in claiming U.S. ties with Taiwan could be made "official" without endangering *relations with China itself.*

The Carter Administration yesterday renewed its attack on Mr. Reagan from an unusual quarter, its envoy in Peking, Mr. Leonard Woodcock, who also happens to be a former UAW president. Mr. Woodcock called his first ever on-the-record Press conference in Peking to criticise the Reagan policy as endangering "the carefully crafted relationship between China and the U.S."

Cruzeiro devalued by 1.89%

By Rik Turner in Sao Paulo

BRAZIL HAS devalued the cruzeiro for the 13th time this year. The measure, announced on August 26, devalued the cruzeiro by 1.89 per cent, bringing its value against the dollar to Cr55.645 buying and Cr55.845 sale.

So far this year, Brazil has devalued her currency by a total of 31.3 per cent, slightly less than the 33.7 per cent for the first eight months of 1979.

Since the Government has recently revised its 1980 ceiling for devaluation from 40 to 50 per cent, a further 14.23 per cent remains for the rest of the year, or 3.5 per cent per month.

The faster rate of devaluation still does not meet demands from Brazil's exporters for devaluation to at least match inflation, which at the end of July stood at 107 per cent over July 1979.

Pay curb vote

Some 4,000 steel workers at Kaiser Steel's plant here yesterday voted to cancel a portion of their pay rises to keep the plant from closing down, Reuter reports. The workers agreed to defer a $1 an hour increase and to tie future rises to the inflation rate—a voluntary move recommended by local leaders of United Steelworkers Union.

LEVESQUE PLANS QUEBEC POLL

Separatism taking one step back

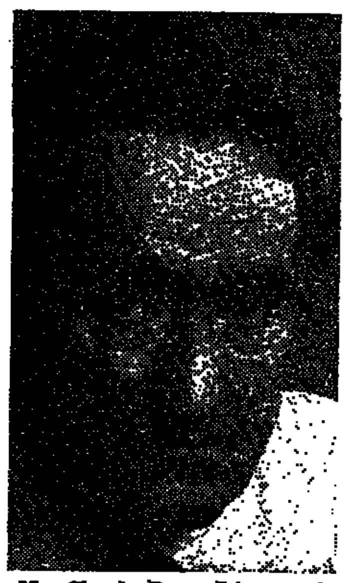
BY ROBERT GIBBENS IN MONTREAL

THE POLITICAL pace is gathering again in Quebec: Mr. Rene Levesque, the Parti Quebecois Premier who lost the referendum on sovereignty in May, intends to dissolve the National Assembly by the spring, and may do so as early as October.

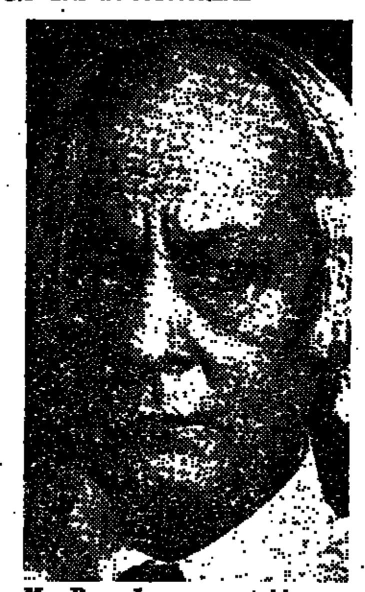
In May, the electorate voted by a three-to-two majority against giving Mr. Levesque authority to try to negotiate sovereignty for Quebec, although in economic association with Canada. Mr. Levesque can hardly drop the concept of *souverainete-association* which he himself devised in the political wilderness more than 10 years ago. But he has suggested that it should not be an issue in the election, when it comes. Instead, the Parti Quebecois should take its stand on "good government," the slogan with which it crushed Mr. Robert Bourassa's Liberal Government in 1976.

At that time, an English winner-take-all electoral system gave the Parti Quebecois 69 assembly seats in return for 41 per cent of the vote. The Liberals, with 34 per cent, had to make do with 28 seats, and the Union Nationale, once the greatest political power in the province, came a poor third with 18 per cent and 11 seats.

A return to the "good government" slogan would be a step backwards in the strategy of *etapisme* (*etape* means "stage") with which Mr. Levesque's party hoped to make Quebec sovereign stage by stage. Stage one was the election of 1976. The referendum was to be stage two, but went wrong.



Mr. Claude Ryan: his party's standing is enhanced.



Mr. Rene Levesque: taking a soft approach.

As further evidence of Mr. Levesque's "soft" approach, he has hinted that he would consider making modest changes to the major piece of legislation passed during his premiership: the Charter of the French Language, designed to give French primacy over English in Quebec's administration and business. About four out of five Quebeckers are French-speakers.

The "good government" slogan is lent some credence not only by the undoubted intellectual abilities of Mr. Levesque's Cabinet, but also by Quebec's better-than-expected economic performance during the current North American recession.

Mr. Jacques Parizeau, the Minister of Finance, can claim some of the credit, after his stimulatory tax cuts.

But so can the federal Canadian Government, with protective measures for textiles and footwear, prominent industries in Quebec. Moreover, a little fortuitously, Quebec does not have much of a motor industry, and has therefore been spared some of the troubles which beset neighbouring Ontario.

Mr. Parizeau, like Mr. Levesque, has been taking his stand on good government as the issue for an election, and the two do appear to have the party in hand. In the longer run, however, Mr. Parizeau is more strongly committed to independence than Mr. Levesque is.

Some crossfire has come from a dedicated advocate of independence, Mr. Pierre Bourgault, who told Mr. Levesque he should resign after having lost the referendum by putting a soft question, instead of asking voters outright whether they wanted sovereignty. Mr. Levesque, no doubt with an eye on the silly season for the newspapers, brushed Mr. Bourgault off as a kind of "Loch Ness monster."

Mr. Bougault's intervention will not help the Parti quebecois in the election, when it comes, because whatever Mr. Levesque may say, sovereignty or independence is likely to be the real issue as it was not in 1976. Then the Liberal Party of Quebec had lost all public respect after a series of scandals and strikes. Its standing now, under Mr. Claude Ryan's leadership, is greatly enhanced.

The referendum result has given Mr. Ryan the opportunity to point to the paradox of a crypto - independentist Government representing Quebec in the constitutional talks intended to lead to a renewal of the Canadian federation. But it is as well to remember that if Mr. Ryan becomes Premier he, too, will stand up for the rights of Quebec against the centralising policy of Ottawa.

WORLD TRADE NEWS

Canadian newspapers close down

TORONTO — Daily newspapers in Winnipeg and Ottawa were closed yesterday as Canada's two largest newspaper groups consolidated their holdings and tried to cut some of their losing operations.

The Winnipeg Tribune and the Ottawa Journal were shut down. Thomson Newspapers also announced that it had sold its interests in Pacific Press of Vancouver and in Gazette-Montreal to Southam Inc. for what was described as an aggregate purchase price of C$57.25m (£20.7m).

Employees of the Tribune, a Southam paper, were told at a newsroom meeting of the closedown at the same time that the Thomson announcement was being distributed. The newspaper's losses between 1975 and 1979 were more than C$13m, and the expected 1980 loss was C$3m.

In Ottawa, 375 employees of the Journal were thrown out of work with Thomson's closure of the capital's morning daily, ending 94 years of publication.

Mr. Arthur Wood, publisher of the Journal, said in a front page statement in the final edition that the newspaper's losses had increased significantly over the past five years to C$11.1m.

Despite big improvements and circulation increases since last year, when it switched from evening to morning publication, losses had risen to over C$3.4m in the first eight months of this year.

The announcement meant that competition between the two newspaper groups has ended in Vancouver, Winnipeg and Ottawa. Yesterday's closures follow the collapse of the Star in Montreal 11 months ago, leaving the English-language market there to Southam's Gazette.

International Thomson results, Page 21

India calls U.S. decision on duties 'an unfriendly act'

BY K. K. SHARMA IN NEW DELHI

ALREADY fragile political relations between India and the U.S. are seriously threatened by Washington's decision not to apply the GATT agreement on subsidies and countervailing duties to Indian exports.

India's Commerce Minister, Mr. Pranab Mukherjee, has called the decision an "unfriendly act" and the Government is expected to make its displeasure over the U.S. decision known publicly.

The result of the U.S. decision is that Indian exports of such important items as industrial fasteners, leather shoes, some iron castings and a range of textiles will be subject to countervailing duties ranging from 2.5 per cent to 20 per cent. These exports are estimated to be worth about $400m or about 40 per cent of the total exports to the U.S.

Commerce Ministry officials say that many Indian manufacturing units are threatened with closure as a result. Washington is hitting back at India's refusal to undertake to phase out "subsidies" on the items. India argues that the "cash compensatory support" given to exporters merely pays back to them taxes and excise duties on their exports.

Indian official sources suspect that the U.S. has political motives for the decision, which has not been applied to any other Third World country. It has meant invoking a clause in the agrement which requires a signatory to inform GATT that it will not be enforced in the case of a particular country because it is considered to be "unfriendly."

Under the GATT agreement, the U.S. would have to show that its domestic industry was being harmed by Indian "subsidies" to be able to impose countervailing duties. This "injury test" is no longer necessary.

What has led Indian officials to attribute political motives to the U.S. decision is the fact that the agreement is being applied to Pakistan which operates a similar export subsidies scheme. Officials say that no other developed country has sought to exempt India from the application of the GATT agreement.

Migrants set to bring in $17bn for home states

BY DAVID DODWELL

MORE THAN 20m migrant workers, most of them from South Asia, the Middle East and Southern Europe, will repatriate an estimated $17.5bn (£7.3bn) this year, according to the World Bank.

"There has bene controversy over the net benefits to developing countries when skilled people emigrate," the bank notes in its third annual World Development Report, just published. "The brain drain represents a serious loss of manpower for some countries, and there are social costs as well."

About 60 per cent of migrant workers—most of them male and many working illegally—come from developing countries. About 6m have found their way to the U.S., with 5m in Western Europe and 3m in the Middle East.

Remittances, which have swollen from $3bn to $17.5bn over the past decade, are particularly important as a source of foreign exchange in Pakistan, Bangladesh, India, Jordan, Egypt, Morocco, the two Yemens, Turkey, Greece and Yugoslavia.

An estimated $3bn will be remitted to South Asia this year, with $5bn finding its way to the Middle East and North Africa, and a further $7bn to Southern Europe.

The World Bank argues that objections to migration, on the grounds that it depletes the tiny skilled labour forces in poor countries, thus hampering their development, are greatly exaggerated, mainly because most migrant workers are unskilled or at best semi-skilled.

"For them," the bank says, "migration offers a chance of dramatic improvement in their often meagre incomes."

Lambsdorff warns against 'protectionism quagmire'

BY PAUL CHEESERIGHT IN BERLIN

COUNT OTTO LAMBSDORFF, the West German Minister of Economics, yesterday shrugged off local demands for controls on the imports of consumer electronic products, saying: "This would be the first step into the quagmire of protectionism."

In a speech clearly designed to check moves towards protectionism in the EEC, he also said he was apprehensive of French Government plans to seek protection of the European motor industry, against Japanese imports.

Classifying import restrictions as pointless, he noted that both Italy and the UK had limited car imports. The result had been mass redundancies at Fiat and financial failure at BL, he said. But he called "grotesque" the situation last year, when Japan exported 1.5m cars and imported only 65,000.

He cited problems with electronics and car imports at the opening of the eighteenth Overseas Import Fair in Berlin. The fair is a European shop window for the consumer goods of 57 developing countries.

Count Lambsdorff sought to convince developing countries of both West Germany's goodwill and its favourable record in absorbing their imports.

But in his plea for greater co-operation between the industrialised world and developing countries, he urged Third World nations to participate actively in the General Agreement of Tariffs and Trade (GATT) and to accept the result of the latest round of multilateral negotiations.

Japan motor output tops 1m units in July

TOKYO — Japanese motor vehicle production in July exceeded the 1m mark for the first time, aided by active export sales, the Japan automobile manufacturers association (JAMA) said.

The July total production rose 6.3 per cent to a record 1.04m from the previous monthly high of 978,574 in June, and up 23.5 per cent from 841,680 a year earlier, the association said.

The July total comprised 665,735 passenger cars, up 23.7 per cent from a year earlier, 365,513 trucks, up 22.4 per cent, and 8,522 buses, up 71.8 per cent, the association said.

JAMA attributed the high-level production to active export sales in July. These are estimated to have risen about 40 per cent over a year ago.

Japan's International Trade and Industry Minister Rokusuke Tanaka said on Wednesday the Government had no plans to clamp controls on auto exports to soothe strained trade relations with the U.S.

Tanaka told a press conference that "Japan supports a policy of free and open markets," and that imposing restrictions on auto exports might have the effect of arousing protectionist moves against other Japanese export industries.

"Our trade with the U.S. is immense and multifold. It would be strange if there were not frequent areas of trade friction," he said.

However, the trade minister cautioned that "if Japanese industry is to survive, it should avoid flooding exports into any one place." Japan must carefully consider its position as a member of the international community in determining economic policy, he said.

In the past few months MITI has asked Toyota, Nissan and other Japanese automakers to show "self-restraint" in their exports to the U.S., but has ruled against taking measures to curtail the export flow. About one-fourth of the autos being sold in the U.S. today are Japanese.

Tanaka predicted that the next area of the trade friction with the U.S. would be in the electronics and integrated circuit industry. MITI will take a positive stance toward providing financial assistance for research and development in this field, he said.

Agencies

Soviet orders for Norway

THREE of the nine Norwegian companies currently participating in a fisheries' fair in Leningrad have booked orders from Soviet buyers.

Simrad, a Norwegian electronics company, has won a contract worth NKr 15m (£1.3m) for navigating gear and sonar equipment for Soviet fishing vessels. Another concern, Hydraulik Brattvaag, has sold trawler winches, while Trio Maskinindustri has secured orders for several packing machines for the fish-processing industry

Norwegian exports to the Soviet Union totalled NKr 278m in the first half of 1980—40 per cent up on a year earlier—while imports were down due to lower oil purchases. If the trend continues, Norway should have a surplus on its trade with the Soviet Union this year, after two years in deficit.

Portuguese tourism boom leaves Spain trade in the shade

BY JIMMY BURNS IN LISBON AND FRANK GRAY, RECENTLY IN PALMA

PORTUGUESE tourist receipts last year soared by a record 59 per cent against an average 3 per cent increase in most other European countries. There are signs that the striking contrast will be repeated this year as the performance of Portuguese tourism has already outstripped the more optimistic forecasts.

Between January and June Portugal recorded 2.6m entries, an increase of 56.2 per cent over 1979. Spain accounted for 69 per cent of visitors to Portugal, followed by the UK (8 per cent), West Germany (4 per cent), and the U.S., France and The Netherlands (2 per cent each).

According to official Government forecasts, there will be a slowdown in the second half of this year in line with international trends. Nevertheless, the most conservative estimate is that Portuguese tourism will experience 25.1 per cent growth this year, a figure which is still well above the sluggish performance predicted for most of Europe.

Slow growth particularly noticeable in neighbouring Spain which, in the first six months, reported an 11 per cent drop in overall tourism with a further 18 per cent fall for the month of June, usually a month when tourism is beginning to climb to summer peaks.

The latest statistics show the extent to which Portuguese tourism has recovered from the battering of the 1974 revolution, when worker occupations plunged Portugal's tourist industry to its lowest ever ebb.

Today tourism is one of the few sectors of the economy that has managed to go from strength to strength despite the constant shifts of Government.

The emphasis has been on promotion and on a carefully controlled pattern of development to absorb the dramatic increase in visitors.

Compared with Spain, Portugal has managed surprisingly well to strike a balance between the need to preserve a steady growth in visitors while at the same time keeping the qualities that attracted them in the first place.

"We are aware that tourism can kill tourism," says Sr. Antonio Marques, a leading official from the Portuguese State Tourist Board. In Spain it is not so much terrorism that has frightened off tourists in recent years but the senseless overpricing, overcrowding, and filth created by poor planning and speculation and an obsessive emphasis on growth at the expense of almost all else, officials say.

Ever since the industry in Portugal took off in the early 1960s, growth has been tempered by careful planning unrivalled in most European countries. Legislation has been perfected over the years to protect the environment and ensure that new investments are channelled into orderly and aesthetically pleasing construction.

Bathers flock to the beach at Estoril, Portugal.

Nearly 60 per cent of visitors are from Spain, largely because the Portuguese sun and sea gives them more value for money than they receive at home.

While entries from the U.S. were down 15.2 per cent in the January-June period, the volume from the UK and West German visitors grew by 20.8 per cent and 3.1 per cent respectively.

But there are problems.

Portuguese tourist officials are aware they face an uphill struggle in maintaining growth while at the same time keeping standards high. Already along Lisbon's popular Estoril beaches this summer tourists have begun to take advantage of the country's uncharacteristically lax camping legislation. Tents are spilling onto the main coastal road without any apparent control.

In the Algarve, tour operators for the second consecutive year have been harassed by clients claiming that infrastructure is insufficient. This month Four Star hotels suffered water shortages and electricity cuts, and restaurants ran out of food.

The optimistic picture in Portugal contrasts sharply with the Balearics, the one region of Spain that is more dependent on tourism than any other, accounting, as it does, for some 15 per cent of all Spanish tourism.

Last year, for example, the Balearics, mainly Majorca, handled a record 3.8m tourists, a sharp recovery from the days of 1974 when tourism fell to 3.1m visitors from 3.5m the previous year.

The Fomento de Turismo de Mallorca—the Majorca Tourism Board—reports that German and British tourists far outnumbered other national groups visiting the Balearics. Last year, 762,492 German tourists came to Majorca, an 8 per cent rise from the year before, while British tourists numbered 738,969, also up 8 per cent. Mainland Spaniards numbered 401,131, up 4.5 per cent, while those from France were 288,731, up 2 per cent.

Majorca, in fact, takes the lion's share of all tourism, handling 3,025,923 tourists last year, compared with 557,005 for Ibiza, 187,579 for Menorca and 29,249 for Formentera.

But this year's decline appears to be widespread, with German tourism off by more than 10 per cent. British tourism also is down, but only by 3-4 per cent, according to British consular officials in Palma.

In other sectors, the decline has been more widepread. The number of Swiss visitors fell by 51 per cent to 76,543 last year from 156,568 the previous year with a further decline forecast by the Swiss consulate this year. The North American market, which tumbled to 40,258 last year from 69,391 the year before, is undergoing a further decline in 1980.

But while the overall economic malaise is cited as the chief problem, other factors are the opening up of the U.S. to European mass travel and the decline in standards, such as crowded beaches, pollution and general untidyness.

This last factor was noted recently by Sr. Pedro Morey, a Tourism Board official in Palma, who said a new image for tourism was needed in Majorca.

"This is not to suggest that we eliminate the beach, the sun and our recreations, but that we show the tourist other aspects of the island by telling him about the little-known places . . . and introduce him to a different world. This would be the beginning of a new approach to tourism."

Charges of theft follow 'big losses' by Dawson

By Andrew Fisher

THE FORMER manager of a rare book shop in London's Pall Mall has been charged with theft and false accounting after heavy losses suffered by William Dawson (Holdings), the shop's owner.

Dawson, an unquoted company based in Kent, said yesterday that the losses were about £525,000, while a further £200,000 of transactions, already included in previous accounts as profits will probably have to be withdrawn.

The Metropolitan Police Fraud Squad has investigated the allegedly fraudulent dealings, which were said to have taken place both in the UK and abroad, including the U.S., Italy and Holland, said Mr. Guy Krayenbrink, the chairman of Dawson.

The police said that Mr. Andrew Macdonald-Bell, the former manager of the branch who was charged in June and was arrested on August 6, would appear on October 31 at Bow Street Magistrates Court to answer the charges.

Mr. Krayenbrink said that it was "a rather complex series of transactions." Besides sales of books below cost, there were rare books and cash not accounted for in the shop's sales figures, he added.

Dawson, which also operates a specialist magazine subscription and back numbers service, said that the losses in rare books would be a serious blow, although the company had the financial strength to survive them.

The company made a pre-tax profit of nearly £1.1m in its last financial year to September 30, 1979, and Mr. Krayenbrink said it would still be in overall profit in 1979-80.

Following the discovery of the losses, which occurred mostly before last September, Dawson has appointed an additional senior accountant. It is also considering the appointment of an independent firm of accountants to inquire into the losses.

Dawson is looking into the possible recovery of some of the losses, but the company said, "the board is unable to give any assurance that this will materially alter the situation." Tax relief is, however, expected to reduce them.

Mr. Macdonald-Bell had been with the company for 11 years, of which at least five had been spent in charge of the Pall Mall branch, said Mr. Krayenbrink. Its other antiquarian book branches in Cambridge and Lewes were unaffected by the losses.

Shipping fraud probe cuts Far East losses

BY JOHN MOORE

A DECLINE in the number of suspected shipping fraud cases in the Far East and Greece has been reported by the Salvage Association of London. The decline follows several successful prosecutions which have come before the courts in the Far East. Other court actions are pending.

In Greece, the association said, there are 22 cases of suspected maritime fraud involving 10 ships sailing under the Greek flag, and 12 others under several foreign flags. There are 19 other cases being processed which will be sent to the Public Prosecutor. Of these, eight cases involve ships sailing under the Greek flag and 11 involve ships under foreign flags.

The Salvage Association, which looks after the interests of Lloyd's London insurance company marine underwriters in dealing with damaged vessels and cargo and investigating fraud, applauded the work of the Far East Regional Investigation Team (FERIT).

"There can be no doubt that the work of FERIT has contributed substantially to the improved situation in that part of the world."

Under the auspices of the Salvage Association and financed by marine insurance groups worldwide four-month FERIT investigation revealed last November that fraud on a vast scale had taken place in Greece and the Far East. *Information is still being fed into* a data bank established by FERIT, and the authorities are being kept informed.

In the Taipei District Court 10 men were sentenced to imprisonment for terms ranging from one to five-and-a-half years for their part in plotting fraudulent hull and cargo insurance claims by scuttling the Panamanian flag freighter Tonga in the South China sea in August 1979.

According to the Salvage Association the plot was hatched in June but was uncovered by security authorities, who discovered that the shipowners conspired with members of the Tonga's crew to scuttle the vessel in an attempt to claim under insurance policies for millions of dollars.

They were also involved in a counterfeit "green - backs" fraud in Taiwan. At the end of the court case, T. F. Chen, the mastermind behind the attempted frauds, was sentenced on two charges to a total of five-and-a-half years imprisonment.

Insurance companies worldwide *and Lloyd's are facing* their worst ever figures in peacetime for marine claims. According to statistics collected to the end of May this year by Lloyd's, sinkings were up 35 per cent on last year, and that set new records.

Most marine insurance claims have been overshadowed by the sinking of the Salem supertanker. The tanker was insured for $24m, while a cargo of oil which disappeared shortly before sinking and sold to South Africa was insured for $56.3m. Earlier this month the UK issued warrants for the arrest of four people involved *in the Salem affair, allegedly* the world's biggest marine fraud.

New Automotive Products plant

BY RHYS DAVID

AUTOMOTIVE PRODUCTS (AP), the Leamington Spa-based motor components group, will today formally take over from contractors a £15m plant at Bolton, Greater Manchester. The company's previous factory in the town was destroyed by fire in February 1979.

The new plant will produce more than 20m filters a year. It will be self-sufficient, with facilities for design, development, tooling, pressing, assembly and warehousing.

The company says it will be one of the most advanced production units of its type.

Only one line at the plant is operating. Another nine are due to be installed in the next year. The bulk of production will go to the motor industry. The plant will also supply speciality customers in the industrial equipment and aerospace fields on a batch basis.

The company has been supplying its customers worldwide on a reduced basis from temporary locations since the fire. It was persuaded to rebuild in Bolton partly through the efforts of the recently created Greater Manchester Economic Development Association, the *industrial promotion arm of the* county.

Automotive Products was anxious to undertake its own development on a site then owned by a private developer. The land was acquired by the Development Association for £750,000, and sold to Automotive Products for £500,000. Bolton Corporation offset the association's loss with a contribution of £100,000. The company has been helped by Government grants to the £6.21m building and £9m equipment costs of the project.

Second Gleneagles sale totals £237,000

BY PAMELA JUDGE

SOTHEBY'S achieved a total of £237,246 at the second and last of its evening sales at Gleneagles Hotel, Scotland, on Tuesday. The event was well attended, and the bought-in percentage was low.

The highest price was £9,000 for a work by William McTaggart depicting children in a churchyard by a loch. The Fine Arts Society gave £8,500 for a winter scene of ptarmigan on the moors by Archibald Thorburn—an auction record for the artist. A view of Annefield House, near Glasgow, by Alexander Nasmyth, went to a Scottish buyer for £8,000, and Puttick gave £3,200 for a picture of a Scottish loch by Charlotte Nasmyth dated 1838. Two works by Edward Atkinson Hornel of a country girl and children as little goatherds went to a Scottish buyer for £5,200 and £4,800 respectively.

The total for the two evenings was £427,151.

Fresh ideas in design show

A MODEL of a computerised railway buffet car went on show yesterday. It would allow passengers using cash cards to cook frozen meals in a microwave oven. The idea was put forward by Mr. Graham Taylor, a Newcastle Polytechnic student.

It was part of a display of models at the Design Centre in London from students of universities, polytechnics and colleges throughout Britain. Their proposals ranged from coffee grinders to an aircraft cockpit.

A delicious taste turns sour

ANTHONY MORETON concludes his journey round an economically depressed England with a look at the problems of our apple growers who are fighting a battle against massive imports of heavily-subsidised French Golden Delicious apples without any significant help

JOURNEY ROUND ENGLAND

IT IS perhaps appropriate that I should bring this journey to an end with one of the most important issues facing Britain today—one that unites politicians of all hues, and has gained the ultimate accolade of inclusion in the letters column of The Times. I refer, of course, to the flooding of these isles with French Golden Delicious apples.

It is my impression that three-quarters of the British people consider the Golden Delicious to be neither golden nor delicious, a noxious fruit with a taste akin to blotting paper and a texture like polyurethane foam. It is also my impression that three-quarters of the British people buy and eat these apples.

I make no attempt to reconcile these figures. I will only declare an interest. French Golden Delicious are not for me. I once tasted them and found them suitable only for the compost heap. My taste runs to the sharpness found in Cox's Orange Pippin, Discovery, Worcester, Pearmain or Crispin. What lovely names those are.

The sort of apple I like is grown by Basil Jones at Claverton Farm, just outside Battle. *Battle is of course the scene of* an earlier and probably more famous confrontation with the French; now Basil Jones finds himself in the forefront of another dispute with the Gallic invader.

The first of his early apples—Discoveries and Tydeman's Earlies—are just coming into his farm shop. Soon he will be bringing in Cox's, Russets, Bramley's, Worcesters and the newer varieties such as Gala, Kidd's Orange, Crispin, Discovery and Greensleeves.

On his 36 acres Basil Jones grows some 30,000 trees. Once he had 141 acres, but when his partners pulled out he was forced to sell the rest to meet their share of the capital.

He takes a balanced view of the Golden Delicious, but warns that it could destroy much of the English apply industry in the same way that it has already put the Dutch out of business and crippled the Germans. And he worries that this Government does not care.

One Minister told him that probably half the British growers would have to go out of business. He sadly contrasts this attitude with the support given the industry by previous Governments.

What concerns Mr. Jones is that while our Government will do nothing for English apples, the French are backing their own growers—quite legitimately within the EEC rules, and to the hilt.

"The French get substantial help, and we get almost nothing. They get grants to root out old trees, which is absolutely essential if you are to have a commercially economic industry, grants to replant, others for irrigation, for marketing, advertising and towards any natural disaster.

"They can even borrow at 8 per cent. What hope have we got when money costs 20 per cent. It now costs between £1,500 and £2,000 to replant with modern varieties and there is no way we can afford this at the moment without help. I don't know why the Government won't help us, but the fact is they won't."

Golden Delicious is not an old-established apple but it only went into large-scale production when the French settlers in Algeria were forced back home at the end of the Fifties.

De Gaulle gave them land, huge grants, and interest free loans to resettle, and they started growing the apple in great quantities in the area around Toulouse, where so many of them settled.

"The Golden Delicious is a good apple to grow," Basil Jones says, "and it has important qualities from a grower's point of view. It crops regularly, it crops heavily and it crops uniformly. These are all the qualities we should like to achieve in our own apples, but find difficult in our climate.

"It also grows big, and as the Germans—like the French—like a big apple, much bigger than the sort we prefer, the growers first directed their attention to that market.

"What gave the French growers a foothold in Britain was our entry into the EEC. Before entry, we had a quota system which allowed imports, but gave us the bigger share of the market until Christmas. This enabled the British grower to make a fair living.

"But the EEC said this was unacceptable, and had to be phased out by 1976. The French couldn't believe their luck. Here was a market on to which they could now offload all those small apples that the French and German housewives would not take.

"At the same time we had two disastrous summers. In 1976 there was a terrible drought, and the next year frost in early spring. British apples took a terrible hammering, and Golden Delicious poured in."

The Battle of the Golden Delicious is not the only change which is affecting the grower, though. There has also been a big change in selling patterns.

Fifteen years ago the British grower sold all his crop through the wholesaler. Now, a considerable proportion go via roadside farm shops. Mr. Jones thinks that as much as 15 per cent of all British apples are sold direct by the farmer to the customer.

"The wholesalers did not like this at first because they thought it would detract from their turnover. But we showed them it could lead to an increase in sales of apples. There are still farmers who sell all *their output through the whole*saler, but many are selling direct now."

Basil Jones believes that the problems facing the industry have been brought about partly by the English growers' inability to meet changing needs. For far too long they grew what they wanted to grow rather than what the housewife wanted.

The ironic thing is that as Basil Jones walks among his Cox's Orange Pippins and Discoveries he can look over to neighbouring farms with their rows of vines producing very good English white wines. If the time ever comes when he has to give up his orchards he could always get a job pressing the grape.

As the French might say: "C'est la vie. . . ."

Airship models ready to start tests

BY TERRY GARRETT

AIRSHIP INDUSTRIES, formerly Thermo-Skyships, is close to starting underwater and wind tunnel tests on two one-sixtieth scale models of the saucer-shaped airship the company is hoping ultimately to put into production.

The company is building 1.8 metre models. Underwater tests, using techniques established in the U.S. during the 1930s to determine flight characteristics, are due to start next week.

Initially these experiments will take place in a water tank in Southampton. Further tests are planned in the inner harbour at Falmouth by the end of September.

Simultaneously wind tunnel work will be carried out on another model to examine the trag profile and methods of drag reduction.

In Thermo-Skyships' prospectus published last November wind tunnel and underwater tests were expected to be completed in the first six months of the 43-month programme to build and flight-test a prototype vehicle.

The prospectus also estimated that the project would cost up to £1.3m by the time tests and designs had been completed.

The November prospectus was Thermo-Skyships' second attempt to raise money from the public. Just before Christmas, having extended the application day for shares by three weeks, it just scraped in the £1.4m it needed.

Last May Thermo-Skyships bought its only UK rival, Airship Developments, which had been concentrating its efforts on pressure airships of the more conventional type. Thermo-Skyships is aiming for a rigid-hulled ship which could, in theory, be produced in a much greater size.

The deal cost £1m mainly by the issue of shares, and the combined group was renamed Airship Industries.

Recently Surrey-based Redcoat Cargo Airlines announced an agreement to buy four airships by 1984 with an option on a further ten. The initial one, which could be in the air next summer, will cost £4m.

BP to join in turnkey oil technology venture

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM has formed a partnership with Aker, the Norwegian shipbuilding group, to offer the oil industry a new turnkey contract system for the development of marginal offshore fields. This will be the first time a major oil company has been involved in such a scheme.

The partnership, to be called Advanced Production Systems (APS), will be a 50/50 per cent joint venture between the two and will act as a contractor, offering clients a full range of offshore production services. *including design, engineering* and project management.

BP said yesterday that oil companies customarily placed field development work with groups of contractors and that APs was unusual in that it was a single -contractor able to handle entire projects.

At least two other consortia offer the turnkey development of fields but, unlike APS, both are apparently tied to specific production systems.

The new partnership should also have the advantage of BP's position at the forefront of technological developments in the exploitation of marginal and deep-sea fieldds.

BP has been developing its single well offshore production system (SWOPS) for the exploitation of small fields. This would use a specially converted oil tanker both as a production platform and for the transport of oil to port. When fully developed, SWOPS might form part of the expertise on offer through APS.

The motive force behind the new partnership is the sharp rise in the price of oil during the past two years, which has made many marginal oil fields economical — provided the owners have access to the necessary technology. BP said yesterday it expected strong demand from oil companies wanting smal fields brought on stream.

Although the partnership's prime focus of business is on the North Sea, it would be prepared to undertake work elsewhere.

Aker is a long-established Norwegian shipbuildding group which designs and constructs specialist vessels for the offshore oil industry, notably its Aker H-3 semi-submersible drilling rig.

Phillips suffers N. Sea setback

PHILLIPS PETROLEUM has suffered a sharp setback in its appraisal programme for the North Sea's Tiffany oilfield, part of the so-called T-block, comprising the Toni, Thelma and Tiffany fields, writes **Martin Dickson.**

Phillips, the operator for the T-block (16/17) said yesterday that the first of two planned appraisal wells on Tiffany had been drilled to a depth of 15,881 feet but had discovered no oil or gas.

Describing the results as "disappointing." Phillips said the well was being plugged and abandoned. The results are not entirely surprising, since the T-block has long been recognised as having very complex geology.

But it will be a blow to Phillips and its partners in the T-block who regarded the Tiffany discovery well as sufficiently encouraging to install a subsea drilling frame, or template, in the field, which could later be used for production.

The Tiffany discovery well drilled last year, produced encouraging results. Oil of 33 degrees API flowed from a thick, 1,300 ft. pay zone, at a rate of between 2,300 and 8,300 barrels a day.

The drilling rig Sedco 700 is moving to a location 5,766 ft away from the first appraisal well to drill a second, which might produce more encouraging results.

Phillips aims to drill two appraisal wells in the Thelma field this year. The first has yet to produce results. It was drilled to a depth of 15,925 ft before encountering mechanical difficulties, forcing Phillips to abandon the bottom part and start drilling a sidetrack.

The disappointing Tiffany results indicate that Phillips will not be in a position to draw up a firm development programme for the T-block until it has a clearer idea of its geology.

However, the company has criticised government suggestions that the T-block development might be held back in order to regulate the flow of oil from the North Sea during the 1980s.

Phillips' partners in the block are Petrofina, Agip, Century Power and Light and Oil Exploration (London and Scottish Marine Oil).

Ferry company to fight pilots' claim in court

By Raymond Hughes, Law Courts Correspondent

BRITTANY FERRIES is to fight the £12.564 High Court claim for pilotage dues brought against it by 41 pilots from the Isle of Wight district.

The company says it is preparing its defence to the Admiralty Court writ issued by the pilots on August 12.

Trinity House, acting on behalf of the self-employed *pilots. yesterday denied any* intention of arresting the Brittany Ferries vessel, Prince of Brittany, in furtherance of the claim.

There are two circumstances in which a vessel can be arrested: when judgment has been given by a court against the vessel or its owners, and when a claimant wishes to ensure that assets will be available to meet his claim if it succeeds.

Trinity House said that it had no intention of seeking the arrest of the Prince of Brittany "with all the hardships this could bring to passengers."

Recession forces new cuts in glassware jobs

BY MAURICE SAMUELSON

THE RECESSION in the glass container industry claimed more casualties yesterday as Redfearn National Glass announced that it is cutting its production capacity and reducing by 500 its workforce of 2,300 at its York and Barnsley factories.

Further redundancies are also expected shortly from United Glass which has already shed more than *700 of its 10,500* workforce. Rockware Glass, the other leading container manufacturer, announced at the beginning of the month that nearly 1,000 employees, almost a fifth of its staff, were being made redundant.

Mr. John Pratt, Redfearn's chairman, said that since the beginning of July demand for a wide range of containers was between 16 and 20 per cent lower than in the same month last year.

The new redundancies, whose final number would be settled with the unions, are in addition to the 260 carried out as part of last year's wage settlement.

Mr. Pratt added that the fall in demand reflected the recession in consumer spending—Redfearn makes a wide range of containers, including bottles for wines, spirits, beer and soft drinks.

He also blamed the high cost of credit, which was forcing customers to carry less stock, and the high cost of fuel. *Energy accounts for 20 per cent* of the company's production costs. It uses fuel oil, gas and electricity.

● Birds Eye's factory at Lowestoft, Suffolk, is to make 250 of its 1,550 workers redundant. The company said the job losses were due mainly to the general recession and the resulting drop in sales.

● Falling sales of tractors have forced the closure of a foundry at Beans Foundries, in Tipton, West Midlands, with the loss of 150 jobs. The company, part of BL, makes castings for tractors and components for the Austin Morris works in Birmingham.

Hansom Books rescue talks go ahead

BY ALAN FORREST

TALKS were taking place to try to save one of Britain's *leading groups of arts magazines* from collapse.

Hansom Books, publishers of seven magazines under its Seven Arts Group imprint, ceased trading yesterday. Mr. Philip Dosse, the company's founder, told staff at the offices in Victoria, London, there was no money to pay them.

Yesterday Mr. Dosse said: "I am still trying to organise a rescue operation. I am looking for the best deals for the magazines and for my loyal staff."

It is believed that the publishers of Punch are interested in the magazines.

Hansom Books publishes seven titles, Books and Bookmen, Plays and Players, Music and Musicians. Dance and Dancers, Records and Recording, Art and Artists and Films and Filming.

Mr. Dosse, 55, a former printer's office boy, launched the first magazine, Dance and Dancers, in 1950.

The announcement of the company's collapse comes only two months after Foyle', the London bookshop, gave one of its literary luncheons at the Dorchester in honour of Books and Bookmen.

The luncheon attracted such speakers as Lord Butler and Mr. Michael Foot, both reviewers in the magazine, described by editor, Sally Emerson, as a "real workers' co-operative."

How to end fumes, pongs, stenches and hums

By Raymond Snoddy

WHOLE SECTIONS of British industry are held in bad odour by the public.

The fumes of fishmeal manufacture, the pong of petrochemicals, the hum from hot rendering of animal waste and the stench of silage manufacture led to so many complaints that a working party was set up.

Representatives of the "offensive trades" joined local authorities. scientists and the Environment Department to see how Britain could become a sweeter smelling nation.

The result was a £1m three-year research programme by the Industry Department's Warren Spring Laboratory in Stevenage, Herts.

Its report, Odour Control—a concise guide, was published yesterday. It is the first time a systematic approach has been taken to industrial odour problems.

Eighty-four local authorities and 150 companies contributed to the programme's cost. The local authorities also contributed sniffing panels to try to decide just what the public nose found offensive. The companies gave the Warren Spring scientists access to their most pungent smells.

People and odours met under laboratory conditions—in a chamber with polished aluminium walls. Odorous gas was diluted with odour-free air to determine the number of dilutions required for an odour to be just perceived by 50 per cent of the panel.

The nastiest smell to the average nose is apparently the smell of maggot breeding. Maggots are not only bred on putrefying flesh of fish and chicken but they also often exude their own unpleasant fishy smell.

Mr. Alan North, co-editor of the guide, says animal by-products seem to be among the most offensive, with the really nasty smells involving putrefaction.

Machines, says Mr. North, can detect substances, but you need a nose to tell whether it smells or not. The human nose is so sensitive it can detect some odours at 0.2 parts per billion.

***After sampling the smells* and studying the production processes of British industries with an odour problem the guide says that careful analysis, soundly designed, engineered and maintained prevention and abatement measures can deal with virtually all odour nuisance problems in an acceptable fashion without crippling expense.**

The research teams found that some odour control equipment aggravated the situation by removing 99 per cent of the problem smell while turning out 30 times more of a different stink.

Mr. North believes the problem is choosing the right methods for alleviating a particular smell.

Thermal incineration—half a second at 800 C—is effective but high in energy costs. Catalytic incineration works at lower temperatures but the catalyst involves extra cost. Absorption—the retention of odours on the surface of activated carbon—is more suitable for weak odours.

Absorption in water can be used on soluble odours. Biological oxidation techniques are often useful.

Odour Control—a concise guide. £14.50. is available from Warren Spring Laboratory, P.O. Box 20, Gullens Wood Road, Stevenage, Herts.

Sue Cameron looks at the threat of U.S. imports

ICI optimistic over soda ash future

IMPERIAL Chemical Industries yesterday announced it would be cutting the workforce in its three UK soda ash plants by just over 18 per cent in the next two years. The group said the move was part of an attempt to "counter the threat to its UK market from American natural ash imports."

But the British chemicals giant is confident of its ability to overcome the danger posed by U.S. producers and to make its soda ash business "robust and profitable throughout and beyond the 1980s."

ICI's optimism is based on two major factors. The first is the £100m modernisation programme it has been carrying out at its soda ash plants for the last five years. The second is the slowness of American producers to make significant inroads into the UK and Continental markets—in spite of their considerable natural advantages and determined efforts to do so.

In many chemical production areas, U.S. companies are maintaining their volume sales beating recession at home by exporting cut-price goods to Europe. But ICI maintains that soda ash falls into a different category from styrene and other plastics raw materials which are the subject of anti-dumping investigations by the European Commission.

The group also insists that in the case of soda ash, it is anticipating the future challenge from the U.S. rather than waiting until its market is already eroded.

ICI announced the bad news on the day UK unemployment figures topped 2m. Today ICI's second quarter results are expected to be gloomy.

ICI has a soda ash production capacity of 1.7m tonnes a year and the operation employs 3,300 people. It is the only soda ash producer in the UK. It has a dominant position in the British market, although it also exports about 170,000 tonnes a year—roughly 10 per cent of its total production capacity.

Some 60 per cent of ICI's soda ash sales go to the glass industry. Soda ash is used in the manufacture of containers, mainly bottles, and windows, including windscreens. It is also used in the manufacture of detergents and chemical intermediates.

The soda ash industry is facing two problems—:

● The recession is hitting its glass manufacturing customers.

● U.S. producers are trying to gain a strong presence in the European market while they have the big advantage of being able to sell their soda ash for about 10 per cent less than ICI.

But ICI believes that the price advantage enjoyed by U.S. manufacturers is likely to be only temporary. The group also thinks—and this is the crux of its argument for optimism—that unlike many other UK and continental chemical businesses, it is actually taking the offensive before America has managed to do any real damage.

The U.S. has a great natural advantage over the leading European soda ash producers because of large natural deposits in Wyoming.

The soda ash is mined from the sodium sesqui carbonate deposits there. Although it then has to be purified, the process is simpler and cheaper than making it synthetically as European countries do. Wyoming also has strip coal mines which provide the fuel for the soda ash production process.

Finally, the U.S. Government's control of oil prices gives American soda ash producers cheaper fuel oil than their European counterparts.

But ICI has to make its soda ash from salt — mainly from salt deposits 800 to 900 feet deep in Cheshire — plus limestone mined at Buxton in Derbyshire and coke from Barnsley. The group points out that the cost of its fuel oil has probably doubled since the Iranian revolution last year.

The U.S. might therefore be thought to have an overwhelming advantage. However ICI is undismayed for five main reasons:

● Against the advantage of coal and natural ash. Wyoming suffers atrocious weather. This puts its ability to guarantee security of supply into question.

● Wyoming is a long way from European markets, and transport costs count against it.

● The main reason that U.S. soda ash enjoys a cost advantage over ICI's is that inflation rates and exchange rates are both working against the UK. ICI says that these can alter rapidly.

● U.S. soda ash producers have made little noticeable headway in the European market.

● ICI has been modernising its soda ash plants.

Hard sterling encourages tourism

BY GARETH GRIFFITHS

THE BRITISH *took* more holidays last year than at any time since the 1973 boom, although the main beneficiaries *were overseas and the UK's* share of its own tourist spending fell slightly.

The British Home Tourism Survey for 1979, published yesterday by the English, Welsh and Scottish Tourist Boards and the British Tourist Authority, says British residents took 132m trips in the UK and abroad and spent 675m nights away from home. This was a 2 per cent increase on the 1978 figure.

Tourist spending at home and abroad rose to £6,575m while spending by British residents in Britain was £3,800m. The survey covers only the tourist activity of British residents. It excludes foreign visitors to the UK and their contribution to the tourist industry.

The increased strength of the pound and inflation at home boosted the appeal of foreign holidays last year. British residents spent 150m nights *abroad in 1979, 12 per cent* higher than in 1978. Average spending abroad rose 19 per cent to £18.50 a night. Spain remained the most popular choice for UK residents.

Tourism at home was boosted by a 38 per cent increase in spending on business and conference trips to £1,575m. Half of these business trips were for one night only, mainly to London or the larger provincial towns. There were few seasonal variations in the level of bookings.

The boom in business tourism helped the real increase in spending for Britis tourism at home last year. This showed an increase of 23 per cent, a figure above the inflation rate The total number of nights when British residents stayed away from home was slightly down on the 1978 figure, and the average spent per night was £7.20p.

The average amount spent was curtailed by the continuing popularity of holiday accommodation made available by relatives. Such cheap, or free, sources provide up to a third of tourist accommodation for the British. Hotels and guest houses account for less than one-fifth of tourist accommodation.

Despite the recession, tourism appears to have held up well this year.

● The number of UK residents going abroad for holidays is continuing to increase at a much faster rate than the number of foreign visitors to the UK, the Department of Trade said yesterday.

Reprieve expected for ILEA

BY RICHARD EVANS, LOBBY EDITOR

THE INNER LONDON Education Authority is likely to be reprieved despite threats of disbandment from leading Conservatives. A Government decision will be known by the autumn.

The investigation launched by Mrs. Thatcher last April is nearly finished. Recommendations are due to reach Mr. Mark Carlisle, Education Secretary, before Parliament returns at the end of October.

Indications are that the inquiry, chaired by Baroness Young, Minister for Education, believes that disbanding ILEA, created in 1963, would not be practical. But major reforms are needed in its structure and financial accountability.

It will be up to senior Ministers, and ultimately the Cabinet, to decide whether to accept the recommendations in the face of considerable opposition from many Conservative MPs.

Tory opponents of ILEA failed to obtain a manifesto commitment for its abolition. But a powerful committee headed by Mr. Kenneth Baker, MP for St. Marylebone, recommended last February that ILEA's powers should be returned to the boroughs. This view still has considerable support on the Conservative benches.

The study is expected to recommend reforms including a change in membership of ILEA to give more influence to the boroughs, greater electoral accountability, and more financial checks to meet criticism of overspending.

Major reforms will almost certainly have to await Parliamentary legislation. ILEA, the country's largest educational authority runs London's 1,100 state schools and has an annual budget of £500m.

Whitehall probe into leaks to Press

AN INVESTIGATION has been launched in Whitehall to try to discover the source of leaks to the Press in recent months, writes Richard Evans. The leaks have included details of Cabinet committee papers and accounts of confidential Whitehall meetings.

The inquiry is being conducted by an investigator who will report to Mr. Angus Maude, Paymaster General and the minister responsible for presentation of Government policies.

His task will be to identify the source of leaks from the regular weekly meetings Mr. Maude has with senior Government information officers, and to discover who leaked a confidential document last month which proposed a Government campaign to increase public support for the EEC.

Mrs. Thatcher's administration so far has not been dramatically prone to leaks, but a number of recent disclosures have annoyed her.

The main object of the present inquiry seems to be as much to improve defences against future unauthorised leaks as to catch past culprits. There is a long history of official Whitehall probes of leaks that have all come to nothing.

Westward rivals to go to court

THE RIVAL groups in the Westward Television boardroom row are to appear before Lord Justice Dillon next Thursday in a bid to resolve arguments over the validity of conflicting calls for extra-ordinary meetings of shareholders.

The incumbent board, which is led by Lord Harris of Greenwich and which removed Mr. Peter Cadbury from the chair last month, will be seeking endorsement for its calling of a meeting on October 17.

Mr. Cadbury, the largest single shareholder in the company, has summoned a meeting for September 10, and will be asking that this meeting be confirmed as the valid one.

What appears on the surface to be a simple clash of views between the majority of voting shareholders and the majority of the board is complicated by a series of factors.

Between the dates proposed by Mr. Cadbury and Lord Harris, are the appearance of the Westward board before an Independent Broadcasting Authority public meeting about the future of the West Country commercial television franchise (September 23) and Mr. Cadbury's appearance in court on a charge of wasting police time (October 6).

Water charges

WATER CHARGES in the UK have risen by 200 per cent since the reorganisation of the water industry seven years ago, compared with a 145 per cent rise in the cost of living in the same period, according to National Utility Service, the international energy cost analysts.

£45m orders

BRITISH TELECOM is placing follow-on orders worth £45m with GEC and Plessey for the 120-line Monarch PABX switchboard. The first production deliveries of the system are now being made, ready for supply to customers in Central London next month.

The right address

THE CENTRE for Policy Studies has asked the FT to state that its address is 8, Wilfred Street, London, S.W.1., and not as printed in yesterday's edition.

Aerospace stake to be retained

By Lynton McLain

THE GOVERNMENT will keep a 50 per cent stake in the British Aerospace Corporation when it is partly denationalised under the 1980 British Aerospace Act.

The decision was announced yesterday by Mr. Adam Butler, Minister for Industry, at the Aerospace in the Eighties and Beyond" conference in London, organised by the Financial Times and the Royal Aeronautical Society.

The remaining 50 per cent will be offered for sale to private investors, including employees of the corporation.

This contrasts sharply with the commitment given in the Conservative Party manifesto at last year's general election, which said: "We will offer to sell back to private ownership the recently nationalised aerospace and shipbuilding concerns" The implication was that all the aerospace corporation would be sold.

Mr. Butler said the British Aerospace Act would be implemented as soon as possible, but he gave no date. British Aerospace would be a "free-standing corporation, dependent for money on its ability to make a profit."

Military needs will shape the airliners of 2000

UP TO 3,500 new civil jet aircraft worth $300bn (£126bn) are expected to be ordered by world airlines by the end of the century, Sir Frederick Page, chairman and chief executive of the British Aerospace aircraft group, said in London yesterday, writes **Lynton McLain.**

The average production run to supply these airliners would involve at least 600 aircraft. This would be essential to give the manufacturers a "reasonable return" on their very large investment and to provide the improved efficiency needed to hold down costs.

Sir Frederick said the figures implied about 14 new jet airliners in production by 2000. Four of these had already been launched.

The forecasts were only "very rough indicators of trends" but they continued the broad pattern of the previous 30 years in aerospace development, he told delegates at the Aerospace into the Eighties and Beyond conference organised in London by the Financial Times and the Royal Aeronautical Society.

The trend was firmly established towards a smaller number of aircraft types, a greater *concentration of industrial* resources and more collaboration in the major aircraft producing countries.

On top of the figures for new airliners likely to be ordered between 1980 an 2000 were the specialised executive and private aircraft. Sir Frederick said this was an important and growing market.

Aircraft have had typical life-spans of over 30 years from projectt definition to retirement. For economic reasons this time-

scale was unlikely to be reduced and might continue to increase.

As a result, aircraft launched today would still be in service "well beyond the end of the century." By then, he said, the world aerospace industry should be launching aircraft for service up to and beyond 2030.

The decision to launch an aircraft depended on at least five *factors that could affect the* market significantly. These included the availability, cost and type of fuel, technological developments, possible limitations at airport terminal areas, operating economics and market trends.

Aviation fuel used by civil and military aircraft accounted for less than 5 per cent of total world oil output. The proportion was likely to remain at less than 9 per cent by 2000.

War in the Gulf in the next decade would "throttle severely oil supplies" and aviation fuel would be in short supply. But, war apart, Sir Frederick said new oilfields, liquid fuels from coal, alternative energy sources and energy conservation measures enforced by rising prices were likely to provide adequate supplies of aviation fuel at least to the end of the century.

Rising fuel prices, perhaps up 3 per cent to 5 per cent compound by 2000, would certainly influence the development of civil airliners.

Nevertheless, it was unlikely *that any major change in the* type of fuel used for aircraft would occur over the period.

In 10 years aero-engine specific fuel consumption might be 10 per cent to 15 per cent lower than the best performance of current engines. Further improvements would be possible, but a 20 per cent improvement in fuel efficiency by the end of the century would be "getting close to the practical limit," Sir Frederick said.

Fuel accounted for 40 to 50 per cent of direct aircraft operating costs, and by the 1990s the total improvement in fuel consumption compared

By the end of the century the world aerospace industry should be launching aircraft for service up to and beyond 2030

with the 1970s was expected to be almost 30 per cent.

However, this improvement in efficiency arising from technical advances would almost certainly be reduced to 20 per cent as a result of the greater impact of rising fuel prices.

New shapes of civil aircraft likely to emerge by 2000 would almost certainly reflect the latest military designs, which would arise from the $500bn (£210bn) military aircraft investment programmes forecast by the end of the century.

This would be the total value of military combat and trainer aircraft likely to be needed outside the USSR, Soviet bloc and China.

Approximately $300bn (£126bn) of the total would be ordered outside the U.S. and two-thirds of this outside the North Atlantic Treaty Organisation.

Mr. George Jefferson, chairman and chief executive of the British Aerospace *Dynamics* Group, told delegates that the next 20 years would also see the development of a new generation of "highly agile missiles."

They would be "very fast, much smaller and with a dual capability to engage tanks and aircraft." Further developments in speed, area of coverage and invulnerability to electronic counter-measures were envisaged.

Greater technical and operational problems remained to be solved with air-to-ground weapons. A switch from unguided munitions to guided munitions was inevitable and "overdue," but this sector was not getting the resources it deserved.

The technical problem was to differentiate between real targets and other "background" objects, and if solved, this would be the "biggest technology step forward in the next 20 years."

Mr. Alan Newton, engineering director of Rolls-Royce, outlined prospects for aero-engines designed for better fuel economy.

Avionics market 'to grow'

THE WORLD market for airborne electronic equipment—avionics—is expected to be worth £60bn by 1990, Mr. William Alexander, the assistant managing director of Marconi Avionics, told conference delegates yesterday.

Microprocessors and new computer technology made possible "major new advances in aerospace avionics."

Lasers were expected to play *an increasing role in the development* of avionics to the end of the century. Current developments included laser gyroscopes for navigation systems, and laser rangefinders.

Other prospects included the "more versatile use of full colour displays" on aircraft flight decks, and improvements to the head-up displays, including equipment designed to display instrument data through pilots' helmet visors.

But some of these developments may be limited by "the ability of companies to manage the overall task of integrating the systems into the aircraft."

The successful programmes were expected to be those run by a "strong, single-minded and well informed management team."

Agricultural aircraft launched

By Lynton McLain

AN ALL-BRITISH light aircraft, the Fieldmaster, was launched yesterday by the National Research Development Corporation and NDN Aircraft in an attempt to win a share of the growing world market for agricultural aircraft. These are used for spraying herbicides, pesticides, fertilisers, insecticides and seeds.

NDN Aircraft, of Goodwood Aerodrome, Chichester, successfully developed and certified the Firecracker military and civil training aircraft.

Mr. Desmond Norman, the company's managing director and the Fieldmaster's designer, was also involved in developing the Britten Norman Islander twin-engined transport aircraft.

The prototype Fieldmaster is already taking shape at Goodwood, under a £500,000 National Research Development Corporation/NDN programme.

The aircraft is expected to fly the first time next summer. After testing *and certification*, production aircraft will be assembled at NDN's factory being built at Sandown Airport.

The market for light agricultural aircraft is expected to double in the next 20 years.

BL unions decide on separate pay bargaining

BY PHILIP BASSETT, LABOUR STAFF

BL UNIONS yesterday decided to set up separate pay bargaining bodies for the company's cars and vehicles divisions. This move could increase the control over wage negotiations of the more militant Transport and General Workers' Union.

The decision yesterday of a special meeting of the xecutive of the Confederation of Shipbuilding and Engineering Unions, which effectively signals a victory for the position taken by the TGWU over that adopted by the moderate Amalgamated Union of Engineering Workers, will be given to the company at a meeting tomorrow.

The meeting will give the CSEU's considered reply to a paper put to the unions, by the company, on the future of its pay bargaining machinery following its decision to withdraw its cars and vehicles divisions from membership of the Engineering Employers' Federation.

The TGWU had threatened to withdraw its BL members from the CSEU if, as the AUEW wished, the CSEU maintained a bargaining link with BL. The AUEW has a majority voice in the SCEU, though the TGWU claims the largest union membership in BL.

The rift between the two unions was bridged before yesterday's meeting since the proposals put forward on the issue were eventually tabled by the AUEW engineering section in a letter.

The two proposals for seperate bargaining units for cars and special vehicles, in which the TGWU is likely to hold sway, were accepted unanimously by the meeting.

Both the TGWU and the General and Municipal Workers' Union, among the larger unions, voted against a fourth proposal on the CSEU's eventual role, though it too was carried.

The proposal limits the role of the CSEU to forming deputations to Government over wider industrial issues concerning BL, in much the same way as its recent interest in the buying policy of British Aerospace over U.S. radar equipment.

The AUEW's formal position was that it had not finally made up its mind before yesterday's meeting, but it was clear that senior officials of the union wanted to see a continued CSEU involvement in BL in apposition to the TGWU.

July strike record lowest since Second World War

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S strike record last *month was the lowest since* the Second World War. The number of working days lost through stoppages also fell dramatically.

The trend is expected to continue for the rest of the summer.

Figures published yesterday by the Department of Employment put the number of working days lost in July at 171,000—half the number recorded for the previous month.

Of the total 97,000 days lost were caused by stoppages which continued from June.

The department pointed out that the estimated number of days lost was the lowest since July, 1967. This represents a change from the usual pattern in which December is expected to set the lowest level of working days lost. Last December, just before the start of the national steel strike, the figure fell to 190,000.

There were 87 stoppages in July of which 35 started in June. About 44,900 workers were involved of whom 11,400 *represented those involved in* stoppages from the previous month.

The survey says that of the 33,500 workers involved in stoppages which started in July, 31,700 were involved directly and 1,800 indirectly.

Prominent stoppages during the month included the 17-week dispute affecting four Government establishments in Scotland and Wales, where about 70 supervisory staff were suspended for refusing to carry out their normal work because of a dispute over a productivity deal. More than 1,700 workers were laid off.

About 1,200 workers in a Birmingham rail car company were also laid off because of a seven-week strike by electricians.

The strike total included a stoppage by 1,300 boiler makers at a Barrow-in-Furness shipbuilding yard.

These disputes accounted for about one-third of the month's total of working days lost.

Ford unions to demand shorter hours and inflation-related rises

BY NICK GARNETT

NATIONAL union officials and shop stewards representing Ford Motor's manual workforce will fix tomorrow the main elements of the group's annual wage claim. This will include demands for inflation-related rises and shorter working hours.

The Ford unions this year appear to be in a subdued mood and the company will be negotiating against a background of short-time working at some plants and a drive to secure voluntary redundancies in its component manufacturing operations.

The company's negotiations have traditionally been viewed as a barometer of trade union attitudes towards pay at the beginning of the wage round, although the settlement date has been moved back a month to the end of November.

The importance of the negotiations might still be true for unions negotiating of companies in similar trading positions to Ford. But union negotiators expect that, in this wage round, there will be much greater variations in settlements than is usual.

Ford shop stewards said yesterday that they would be seeking rises linked directly to the rate of inflation and would again be making shorter working hours a priority.

Last year they obtained a commitment from the company to discuss hours but a long series of negotiations have proved largely abortive.

The unions said yesterday that improvements in hours had become a greater necessity partly because of job losses and the expected introduction of new assembly line technology.

Some of the shop stewards believe the company might make a relatively modest initial offer and attempt to secure *agreement for new working* practices—such as double day-shift working—by making any further money conditional on agreement to that.

The company tried unsuccessfully to attach these changes to offers of improvements on hours in recent discussions.

Union prods TUC on Poland

THE 150,000-strong white collar Association of Professional, Executive, Clerical and *Computer Staff, yesterday submitted* an emergency motion on Poland to the TUC for next week's congress at Brighton.

The motion recognises that trade union freedom from government interference and the need for free trade unions are legitimate aims, and adds: "Congress calls on the forthcoming TUC delegation to *Poland to ensure that*, as a matter of priority, it meets with those leading the demands for free trade unions in Poland, and also expresses its views in discussions with the Polish Government and other relevant authorities."

Print unions agree on media motion for TUC

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRINT UNIONS yesterday agreed a *far-reaching composite* motion on the media, which will be debated at the annual Trades Union Congress next week.

The agreement has removed the two issues over which the unions could not agree, and means the motion—which remains 'toughly worded—is likely to be carried by congress.

The first of the two contentious points was a clause in the main motion, by the National Union of Journalists, seeking to ban all journalists who are not members of TUC-affiliated unions from covering union conferences.

This has been deleted at the request of the Society of Graphical and Allied Trades on the understanding that the mover of the motion—likely to be Mr. *Frances Beckett*, president of the NUJ—will speak in favour of such a ban.

The second point was contained in an amendment by the National Society of Operative Printers, Graphical and Media Personnel. This called on *unions to refuse* "comment or interview to those journalists who consistently misrepresent, distort or bias their articles against trade union activities."

The composite motion, if passed, will commit the TUC and its affiliated unions to fund *"alternative" media, and* to ensure the right of reply for individuals or groups who are the victims of distorted news coverage.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.9	107	106.2	144.8	1,299	256
3rd qtr.	112.6	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.8	106	101.7	151.9	1,286	230
1980							
1st qtr.	110.3	101.7	98	103.2	157.8	1,379	193
2nd qtr.	107.4	99.1		101.5	161.3	1,492	160
Feb.	110.3	101.1	97	103.9	158.5	1,383	191
March	108.9	98.4	105	102.6	159.4	1,414	181
April	107.2	98.4	93	102.3	161.0	1,458	169
May	106.9	97.0	95	100.6	160.2	1,484	163
June	108.2	98.2		101.6	162.4	1,535	147
July				101.0		1,606	126
Aug.						1,696	120

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
1980							
1st qtr.	105.2	101.7	124.0	99.3	60.3	91.9	12.3
2nd qtr.	101.2	96.6	123.0	94.0	90.9	86.7	16.2
Feb.	106.0	104.0	123.0	101.0	55.0	92.0	11.4
March	103.0	99.0	124.0	95.0	64.0	89.0	12.2
April	102.0	98.0	121.0	95.0	82.0	88.0	15.0
May	100.0	96.0	123.0	93.0	94.0	85.0	17.0
June	102.0	96.0	125.0	94.0	97.0	87.0	16.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−357	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	− 83	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−711	−157	103.7	22.54
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
2nd qtr.	129.2	124.8	−299	−149	+ 19	102.4	
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.2	127.6	−264	−214	+ 44	101.8	28.01
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.28
June	130.3	125.3	− 17	+ 33	− 15	103.4	28.17
July	129.8	118.5	+261	+311	+102	103.8	28.27

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally *adjusted. Minimum* lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	−4.0	7.2	21.9	+1,723	634	1,974	17
2nd qtr.	−1.5	10.7	23.3	+3,186	697	1,972	17
Jan.	−6.9	8.1	22.6	+ 737	235	668	17
Feb.	−6.7	6.1	20.7	+ 271	199	665	17
March	−2.3	7.5	25.4	+ 711	200	641	17
April	−4.0	4.8	18.8	+ 695	266	675	17
May	4.0	12.6	21.9	+1,144	225	621	17
June	−4.9	+21.4	28.8	+1,352	206	676	17
July	11.2	42.0	51.4	+3,502	340		16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.6	191.5	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.1	263.2	255.9	267.45	73.8
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.1	263.2	255.7	268.23	74.3
June	183.6	201.1	201.2	265.7	257.9	267.45	74.4
July		201.9	203.1	267.9	259.9	273.57	74.7

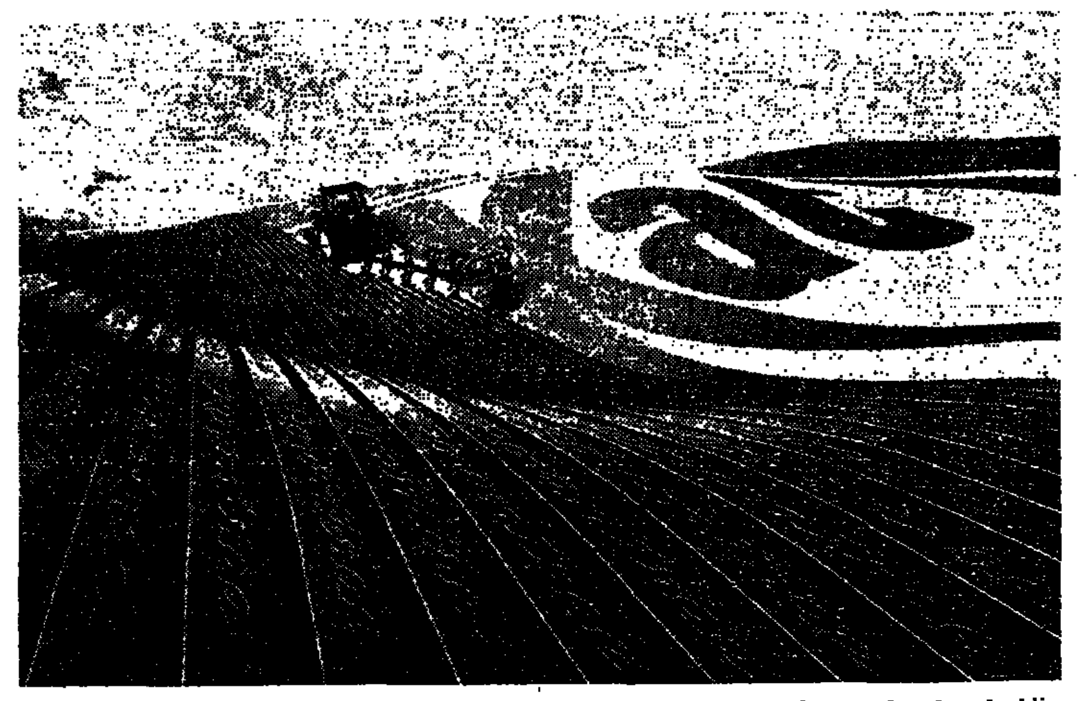
* Not seasonally adjusted.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Sales are down, but marketing in a recession holds no fears for Rowntree

Branding: Rowntree follows the textbook



BY NO stretch of the imagination is this a year of plain sailing for the *confectionery* makers. Although total sales are expected to reach £1.9bn, preliminary figures for the market to mid-July indicate a fall in volume of a little over 7.5 per cent—attributed, in part, to last year's near-doubling of VAT.

The dip will be in evidence next month, when Rowntree Mackintosh is expected to report sharply-lower interim profits. The first six months are traditionally much less important to Rowntree than the second half of the year, though such are conditions in the market that some forecasters are anticipating a full-year profit from Rowntree below last year's £40.4m, itself a 10 per cent fall on 1978.

Rowntree is not despondent. Its sales to date have suffered less than the market's overall. They are perhaps 5.5 per cent down, although in an industry where the break-even is so high, even a small fall can have a marked effect.

Much more importantly, Rowntree is confident that in practising what it preaches—ultra-efficient production and very strong branding, even in the midst of a recession—its long-term prospects are good.

The same applies to arch-rivals Cadbury and Mars, of course, but let us stick to Rowntree, where the gospel of branding as perfected and preached by these three giants can be heard at its most evangelical.

With UK sales this year expected to total between 25,000 and 26,000 tons, and worth more than £80m, Rowntree's Kit Kat is said to be Britain's top confectionery product, with the Mars Bar cited a very close second, and Cadbury's Dairy Milk third. In terms of volume, Kit Kat is still virtually at its all-time high, a remarkable performance for a brand that started life in 1935 (as Chocolate Crisp).

The concept was one of several product development ideas worked out by Rowntree in the 1930s, ideas that included not only Kit Kat but Black Magic, Aero, Dairy Box and Smarties. From its beginning, Kit Kat was positioned both as a confection and a snack, and by the 1950s, was Rowntree's biggest brand.

Heavy and consistent brand investment, both in terms of increased production capacity and regular advertising support (the budget this year exceeds £1m) has produced a doubling of sales in the last 10 years.

In the UK alone, average sales are 15m bars a week, while the total international production of Kit Kat is approaching 60,000 tons a year. It is manufactured by Rowntree subsidiaries in Germany, Australia, Canada, Ireland and South Africa, and is also manufactured and marketed under licence in the U.S. and Japan. It is exported to at least 75 countries, the hungriest export market, curiously being the Middle East.

Every working week, 22m bars are made in York, although such is demand that Rowntree is now bringing on stream a new £4.4m production plant whose present maximum capacity of 300 tonnes a week could be increased to 400.

In other words, there is an inordinate amount of Kit Kat about, a testament, Rowntree woud aver, to the rewards for creativity and ingenuity even in a market as formidable as this.

Rendered in the language of its own fair prose, the Rowntree marketing philosophy reads very prosaically.

The philosophy only begins to come alive when talking to men like Kenneth Dixon, Rowntree's deputy chairman and chairman-designate, Jack Nutter, chairman of Rowntree's UK confectionery division, and Ralph Kaner, the confectionery division's deputy chairman.

According to Kaner, it is Rowntree's policy neither to cripple marketing support in a recession, nor to seek to buy its way out. "It is both divisional and group policy to maintain marketing support as steadily as possible, as well as new product experimentation," he says.

Such programmes are expensive. New confectionery superbrands are few and far between. Yet if in the next 20 years it can produce another two 'Kit Kats,' Rowntree, for one, will undoubtedly not complain.

Computer-written ads make their bow

COMPUTERS, commonplace on the media planning and research sides of advertising, *may soon take a bow in the* creative department, according to claims from the U.S. It may be a while before anyone devises a computer program capable of wrestling with poetry like "Long Life: the beer to come home to," or "Glade: the fresher air machine," but a publisher in Ohio claims to have developed *a program that spits forth* property advertisements said to be more effective than any that real estate brokers can write themselves.

Harold Douthit is president of Computer Advertising and publisher of a chain of weeklies in northern Ohio as well as Homes Illustrated, which carries real estate listings. He *calls the program* a "tremendous breakthrough," one that gives him "chills when I think about its implications."

Plans are underway, reports Advertising Age, to develop a similar program for used car listings that could be used by car dealers. Next in line: recruitment advertising. "It could even be used to write display ads," claims Douthit. "Everywhere I look I see green lights."

Since breaking the "syntax code" last December, Computer Advertising has persuaded 15 real estate companies to let its computer write their ads. The charge: $3 an ad.

The set-up at present is that companies using CompuAd fill in a questionnaire that, *when* completed, describes a specific property's price, size, location, style, construction, proximity to public transport, etc. It is said the form takes less than a minute to complete.

The questionnaire is returned to CompuAd and the data fed into the General Electric Mark II time - sharing network. Seconds later, the computer produces a 50-to-60-word block of copy under a suitable headline.

As a demonstration of CompuAd's potential, Douthit fed it a questionnaire on that sought-after Washington property, the White House. Back came the headline: "Fabulous Patrician Home of Unique Charm. Washington, D.C.—18 Bedrooms—$30,000,000." The body copy extolled the property's park-view setting, wood panelling, formal dining room, servants' quarters and 31 baths.

According to Douthit: "Language and strategies of syntax have always been thought to be beyond the computer's capacity. Teaching the computer to 'write' is the result of extraordinary innovations in programming techniques."

Steps have been taken to ensure that each ad is "accurate, truthful and appropriate." "If you have a miserable little hovel, the computer won't let you hype it beyond the appropriate language for that hovel," says one of the program's designers.

The program is shortly to be made available to real estate companies that have their own computer terminals, enabling them to feed computer-written ads direct to their local newspaper's composing room computer for publication next day. The cost savings envisaged are said to be considerable.

Would it work in Britain? Almost certainly, though Roddy Braithwaite, MD of London's Charles Barker Recruitment, reckons such a system to me "irrelevant" to recruitment advertising, where "matching a person to a job is a one-off task."

Hey-ho. . . .

ABM ISSUES WRIT

Woolworth—'No plans to change agency'

THE AFTERMATH of Woolworth's near-£16m slump in interim pre-tax profits, announced two weeks ago, has caused controversy in advertising circles and aggravated feelings at the Allen Brady and Marsh agency, which handles the Woolworth account.

This week, ABM and its chairman, Peter Marsh, issued a writ *for damages for alleged libel* against the Leagas Delaney Partnership, Campaign magazine writer Howard Sharman, Campaign editor Bernard Barnett, and Haymarket Publishing, following a Leagas Delaney double-page advertisement published last week, as well as two articles appearing in the same issue.

Allen Brady and Marsh is Britain's eighth biggest agency. The Woolworth business, which in the 12 months to June 30 billed in excess of £7m, is thought to be its biggest single account.

Woolworth chairman Geoffrey Rodgers said yesterday: "Just because we talk to other agencies, and see what they have to offer, does not mean we have any plans to change agencies. At present there are no such plans."

Leagas Delaney, one of London's newest agencies, was formed four weeks ago by Ron Leagas, formerly managing director of Saatchi and Saatchi Garland-Compton, and Tim Delaney, formerly managing director and creative director of BBDO.

ABM, Peter Marsh, and ABM managing director David Croisdale-Appleby already have in train a separate action for alleged libel against Haymarket Publishing, which is set for hearing next June.

Etcetera

Invasion in reverse

A fighting alternative to the cry for import controls has been advanced by one of Britain's leading market researchers, Dr. Elizabeth Nelson, chairman of the Taylor Nelson group. "If you can't beat them," she says, "use their tactics."

She says the British are getting used to foreign cars, cameras, hi-fi and food, and that the consumer's "international outlook" is being vented in a positive preference for products foreign.

"The reaction of British companies," says Dr. Nelson, "must be either to regard the import onslaught as a simple threat, *and fight it defensively*, or to challenge the import market by entering into it rather than by attacking it from outside."

Dr. Nelson bases her call on analysis of Taylor Nelson's large-scale Monitor survey. She says there has been very little research by UK manufacturers into the underlying reasons for the importers' success.

She *says three questions must* be asked: What are foreign products' most attractive selling points? How do the invaders direct their marketing? Has the whole foreign package a style that British products could adopt?

Answers, please—quickly.

A tale of tall bear

Police and troops armed with boxes of yoghurt and bunches of bananas, The Guardian informed Bank Holiday readers, had searched in vain for Hercules, the 40-stone 10 ft grizzly fugitive that had "struck terror into the hearts of people on the small Outer Hebridian island of Benbecula."

What followed must have struck momentary terror into the heart of Kimberly-Clark, whose Kleenex tissue firm recently employed the escaped bear for a one-minute commercial "costing £1m" and extolling the virtues of lavatory paper.

The inflation of production costs *is notorious*. But £1m? "Good grief," said a spokesperson at the Kleenex agency, D'Arcy-MacManus and Masius. "The client might be spending £1m on airtime, but I doubt the commercial cost a fraction of that. It was filmed in southern England, not Australia." The true cost? "Below £100,000."

Another figure that made strong men *weep was featured* in the London Evening News on Tuesday. "£300m in search of an agency," read the headline above a story to the effect that two of the world's biggest fruit producers (Australian Canned Fruit and the South African fresh fruit marketing board) were courting London agencies with hefty billings as bait.

At current rates of exchange, £300m is $714m, or a little less than J. Walter Thompson's entire Europe-wide billings for the whole of this year. In later editions the great colonial fruit bonanza was corrected to "£3m", though even that sounds much too luscious.

Buzz word

"Synergy" is a word beloved of marketing men, as in. . . "This is a move of pure synergy," the phrase used this week by James Pilditch, chairman of Allied International Designers, to describe its acquisition of Foxvale and its subsidiaries, which include Business Decisions, the market researcher.

Synergy will do. AID was the first UK design group to go public (in February this year), while Business Decisions, whose fee income in the year to May 31 was £637,000, includes among *its clients* BAT Industries, Cadbury Schweppes, Plessey, TI and Unigate.

Benefits of the merger, says Pilditch, will be most immediately apparent in the areas of innovation and new product development, corporate communication and product and packaging design.

Perfect end

Not quite a better mousetrap, but a breakthrough all the same. As part of its war on the Japanese bettle, a deviant bug that dines on 300 varieties of garden plant, the J. T. Baker Chemical Company of New Jersey has produced Bag-a-Bug.

Bag-a-Bug uses no poisons or hazardous sprays. Instead it creates a sex lure with pheromones. Since the beetle is essentially blind, it depends on phenomones (external hormones) to find a mate.

The trap can be coupled to a floral lure. "What Bag-a-Bug basically says to a male Japanese beetle," says Baker, "is that there are 80,000 virgin female beetles in this huge yellow rose."

Because the bag attracts an equal number of male and female beetles, "all are assured of dying happy."

Now about this mousetrap. . .

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● SAFETY

Close look at the fire

A LIGHTWEIGHT thermal camera for fire detection has been developed by English Electric Valve Company, Waterhouse Lane, Chelmsford, Essex (0245 84961) to enable firemen to see clearly through smoke and identify the source of a fire without delay.

The EEV battery-operated portable camera is based on the EEV P8092 Pyroelectric Vidicon. The infra-red radiation provided penetrates smoke, and the thermal image obtained from the camera, which is sensitive to infra-red, shows up clearly in the integral view-finder/monitor. The germanium lens gives a wide viewing angle of 70 degrees.

The unit weighs 4 kg and operates continuously for one hour on one set of dry batteries.

The neutron small-angle scattering spectrometer used at Harwell to study microscopic impurities in materials.

British neutrons for sale

A RANGE of the most powerful radiation analysis techniques developed by the Atomic Energy Authority is now available to industry.

This week the AEA's Harwell laboratory announced a new materials research service based on its materials research reactors and accelerators.

The reactors, Dido and Pluto, produce beams of neutrons, essential components of the atomic nucleus, which can be used to examine materials and their structures in a manner analogous to x-rays—the peculiar properties of the neutron beams makes possible novel analyses.

Neutron beams can be used in, for example, radiography in a fashion exactly similar to X-radiography; but the beam is attenuated by materials containing hydrogen atoms such as water or oil while passing freely through metals such as *steel. It is therefore a perfect* method for examining the movement of liquids within metal structures.

In one of the most dramatic demonstrations of the technique, Harwell, in collaboration with Rolls-Royce, placed an entire aeroplane engine in the neutron beam. The movement of oil in the engine could then be followed on a television monitor screen as easily as a doctor follows the progress of barium meal in a suspected ulcer patient in conventional X-radiography.

The technique can also be used where materials such as polymers are used to fill metal cavities—the inside of a motor vehicle panel, for example.

More commonly, the technique is used for the examination of materials using diffraction and scattering techniques. This simply means bouncing a beam of neutrons off the structure under investigation and making deductions about its properties from an analysis of *where the neutrons end up.*

It is of particular use for studying strength of materials, integrity of welds and the structure of biological molecules.

In addition to Dido and Pluto, Harwell expects to make available facilities on its new linear accelerator, the Linac.

It is thought that Harwell is one of the first laboratories to offer such a service. The cost of the reactors themselves is high and it has only become possible to offer a service at all because there is some overcapacity in neutron beams for pure research as a result of the new neutron beam facility built for the Science Research Council at the Rutherford Laboratory and the existing German/French/British reactor at the Institut Laue Langevin in Grenoble.

Peter Schofield of Harwell says fees for work undertaken for industry will be individually negotiated: "It will be an expensive service, but for some kinds of analysis and quality *control there is no alternative.*" He can be reached on 0235 24141, extension 5232.

● TRANSPORT

Rail track maintenance

A RAILWAY track ballaster designed to reduce the costs of maintenance has been developed by Dobson Hydraulics, Colwick, Nottingham. The DH Series ballaster is self - propelled, diesel-hydraulically powered and capable of moving at 16 mph.

Under normal operating conditions it is claimed to be capable of levelling and ballasting up to 300 yards of track per hour. Lifting, slewing, levelling and packing operations are all controlled from the driver's cab.

Hydraulic vibration is claimed to facilitate tine penetration and aid compaction of the ballast. *All functions have double*-acting hydraulics, and a manual emergency pump allows safe retraction of all moving parts in the event of a power source failure.

● DATA PROCESSING

Programs tailored to fit

A SUITE of computer programs designed for the garment manufacturing industry is now on offer from Kurt Salmon Associates (KSA).

The four programs are written to run on the Apple microcomputer but KSA says it will tailor any program to fit the needs of the customer.

The suite will be demonstrated at the Harrogate Apparel Exhibition in November.

The first of the four systems is a cost control program for payroll and labour. This is, in fact, a computerised version of the manual KSA three in one manual system which is widely used to give information on earnings, performance and lost time to operators and supervisors.

Then there is a work study data file program which includes factory loading controls and automated ticket printing using a common data base— this is the odd man out of the four programs being written in Pascal while the others are in Basic. According to KSA, this means very fast operation. It also means that a change in standard times need only be entered once—all styles using that standard are automatically updated.

The other systems are production line modelling and quality control.

Each of the four systems can be installed separately or any combination can be operated satisfactorily.

KSA is reluctant to price the systems exactly but the customer will need to buy a computer and printer—say between £3,500 and £4,000—and perhaps two lots of hardware if all four programs are to be run.

Then the cost of an individual program is between £1,000 and £1,500. The cost of setting up the system—which may involve designing a suitable control system to the customer's *needs*—could be £3,000. KSA is on 061-928 8423.

Taping data cheaply

THE LATEST method of storing data cheaply for small computers is the miniaturised tape cartridge.

The cartridge is about the size of a business card and 3/16th of an inch thick. Inside the cartridge is the recording tape, a Myler based chrome dioxide and from 5 to 75 feet in length.

Just as cheap flexible recording discs for computers were called "floppies," because of the narrow gauge of the tape, the maker, Exatron Corporation of California, has named its new product the "stringy floppy."

The cartridge is smaller and said to be more robust than a floppy disc at only half the price. It is ten times faster than a conventional cassette storage system.

The tape is a continuous loop which is pulled from the centre of the reel, past the recording head, and then wound back on the outside of the reel at the same rate rather in the manner of an eight-track cartridge.

Stringy floppies will store from five to 80 thousand bytes of data. The distributor in the UK, MBS Terminals, offer the system for the Tandy TRS-80 and expect soon to offer it for the Pet and Apple microcomputers.

The systems are expected to cost less than £200. While the first application of stringy floppies is expected to be in hobbyist and personal computing, there should be considerable potential in programmable instrumentation and electronics.

FINANCIAL TIMES SURVEY

Thursday August 28 1980

North Mexico

The enormous advantages that the six states of North Mexico enjoy—from plentiful and cheap energy supplies to proximity to the U.S. market—make them a favoured area for development. Here Hugh O'Shaughnessy assesses their chances of success and on the following pages William Chislett examines their performance in detail

Poverty in the midst of plenty

FOR A developing region of the world, the north of Mexico has everything going for it. It is relatively lightly populated. It is a rapidly industrialising area with steel mills and car plants. It is on the doorstep of the largest market in the world, the U.S., and is part of the fastest growing market in the world, the Mexican market.

It has access to enormous cheap supplies of energy, oil and natural gas. Its mineral deposits are huge. It is part of a country that has shown great political stability over the past half century. And it faces on to the Pcafic and the Caribbean, both teeming with fish and shrimp.

The inhabitants of the region could hardly ask for a better set of tools with which to make themselves rich and contented. In 40 per cent of Mexico's huge area live about 10m people, only some 15 per cent of the country's population.

Much of the area of the six states which make up the north of the country admittedly is desert and difficult, if not impossible, to cultivate for cash crops even under irrigation. Yet many prosperous farmers have demonstrated that there are big areas, presently neglected, which can bring forth crops with water and attention. The agricultural products and the industrial goods which flow from the region's farms and factories find two markets.

The primary one is the rest of Mexico, a country whose Gross National Product should rise by 8 per cent this year under the impetus of the oil and gas and whose demand for goods is therefore booming.

The secondary one is the U.S. whose inhabitants need Mexico's farm products and who are slowly beginning to see the wisdom of buying Mexico's manufactured products and whose holiday makers swarm across the six states from the remote beaches of Lower California in the west to the sleazier delights of Matamoros on the Gulf of Mexico in the east.

As the U.S. becomes more dependent on Mexico's energy sources it is to be expected that the U.S. attitude to Mexican problems, which has in the past often been abrasive, will mellow a little and take more account of Mexico's legitimate aspiration for its northern areas.

The in-bond industries, whose situation is considered later in this survey, have already achieved special recognition from the U.S. customs authorities and both Mexico and the U.S. have benefited from the special regime accorded to them.

Were more arrangements to be made similar to those for the in-bond industries and protectionistic pressures in the U.S. resisted, the six states could take even more advantage of their geographical location.

Many Mexicans in the six northern states take comfort from the proximity of the border and on those occasions when Mexico is gripped by some passing moment of political hysteria, richer Mexicans ship out their moveable assets into banks north of the border.

The proximity to the border also means that massive concentrations of workless people who are seen in Mexico City and in the more congested cities and states further to the south are not so much of a problem in the region we are examining. The U.S. authorities' best efforts to keep out the flow of illegal immigrants into their country have never in the past been very effective and it can be doubted that, even with the introduction of the most modern electronic gadgets for the men who patrol the 2,000 mile border, they will ever be effective in the foreseeable future.

Thus there is the prospect of escape to the U.S. for those without a job serves as a safety valve for the six states when the pressure of unemployment threatens to become too great.

At a time when energy prices are rising swiftly throughout the world, and many of Mexico's neighbours are wondering where the next year's oil supplies are coming from, it is a comfort for the manufacturers of Monterrey to know that not many miles away is an extremely large natural gas deposit and that natural gas is flowing through a pipeline from southern Mexico.

Some of the country's most productive oilfields are also near at hand and the oil refinery which Pemex, the state oil concern, opened last year outside the city is one of the biggest and most modern in Mexico.

At hand too are coal, copper and a variety of other minerals like lead, zinc, silver and gold, necessary for the heavy industry of Monterrey and the smaller industrial centres of the region.

But despite all these advantages, and others which it would take too long to enumerate, the average inhabitant of the six states is not rich and it is an open question whether he is contented. The social imbalances which are to be found in less favoured parts of Mexico are also to be found in the north of the country.

Despite the relatively light population and the enormous area of land, concentration of wealth in the hands of a small number of landowners and very low living standards for the bulk of the population appears to be as common in the north as it is in the crowded central valley of Mexico.

Nor do things appear to be much better in the industrial centres like Monterrey. The heavily industrialised and fast growing city bears the same marks of great wealth for the few and discomfort for the majority which are exhibited by Mexico's capital.

Indeed hundreds of thousands of Monterrey's inhabitants seem unable to afford many of the common household products which the city's factories turn out in such quantities. Great swathes of the city are without water, electricity or sewerage.

The polarisation of social conditions goes hand in hand with a political polarisation in which extremes of left and right seem to thrive. The city has had more than its fair share of violence and kidnappings.

In one sense the social problems of the six states cannot be attributed to the policies followed by the state and municipal authorities of the region. The six are part of a larger national unit, Mexico, and their room for manoeuvre and independent action is limited. The big decisions are made in Mexico City.

And in the states, as in the country as a whole, there runs the writ of the PRI, the Institutional Revolutionary Party, which under one name or another has ruled Mexico since the 1920s.

No Governor can rebel too openly against the Federal Government because in doing so he would be rebelling against his own party and doing the unthinkable, putting into jeopardy the unity of the PRI.

In another sense, too, the social problems of North Mexico cannot all be laid at the door of local authorities.

Much of the explanation of the overcrowding and bad conditions obtaining in the cities of the six states lies in the very success of their entrepreneurs, public and private. The workless in other parts of the country are very often aware that, say, Monterrey or Saltillo are boom towns and as a result they trek there from their home states in search of a better life.

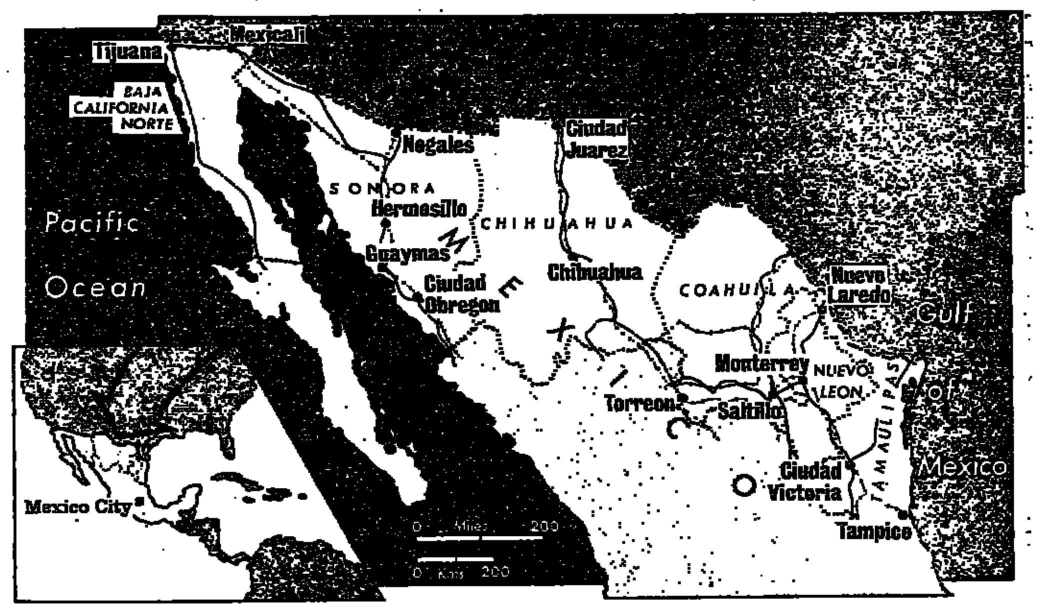
Yet after one has made allowances for the disabilities under which the six state labour, the fact remains that the northern states, given all the advantages which they enjoy, may be expected to be the first to exhibit the balanced growth and more equitable distribution of income which the Mexican Government says it wants.

If Mexican development strategies are to succeed they must show their first fruits in these six states. If results do not appear in rich, aggressive and forward looking states like Nuevo León they are unlikely to appear in the more impoverished and traditionally minded areas in central and southern Mexico.

It is probably true to say that if the six states do well tomorrow then the rest of the country will do well the day after. And if the states in fact do well, the potential for sustained economic growth in all six will be enormous.

THE SIX STATES OF NORTH MEXICO

Name	Capital	Area sq km	Population (estimate) millions
Baja California Norte	Mexicali	70,113	1.6
Coahuila	Saltillo	151,571	1.2
Chihuahua	Chihuahua	247,087	2.2
Nuevo León	Monterrey	64,555	2
Sonora	Hermosillo	184,934	1.6
Tamaulipas	Ciudad Victoria	79,829	1.7



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Major effort to boost Chihuahua's mining production

MEXICO'S six northern states, which border the U.S., are very rich in mining. The area produces all of the country's coal, most of its copper, barytes, lead and zinc and it is not short on gold and silver. On top of this, three of the states—Chihuahua, Nuevo Leon and Sonora — contain 96 per cent of Mexico's proven reserves of uranium.

Last year the total value of Mexico's mining production was $1.57bn, 49 per cent more than in 1978. The increase was mainly due to the soaring prices of gold and silver. Mining represents 3.5 per cent of Mexico's GDP.

Of this amount $789m was exported, about 8 per cent of the total exports, and 54 per cent more than the 1978 mining exports.

The richest mining state is Chihuahua. According to the industry ministry, in 1978 Chihuahua produced 59 per cent of Mexico's lead, 54 per cent of the zinc, 38 per cent of the iron ore, 22 per cent of the silver, 15 per cent of the fluorite, 10 per cent of the copper and 9 per cent of the gold.

Chihuahua has 4.7m tonnes of Mexico's total proven uranium reserves of 8.8m tonnes. Only 8 per cent of Mexico's vast territory has been thoroughly explored for deposits of uranium.

Just as many people believe that Mexico has far more oil than has so far been discovered —or announced—so too there is good reason to believe that the country's uranium deposits are far higher. Until recently, acid volcanic rocks were not considered as having uranium ore content. Studies, however, carried out in Chihuahua on such rocks have been promising. Mexico has several areas with acid volcanic rocks.

Chihuahua was a far more thriving mining state 100 years ago than it is now. Because many of the areas were inaccessible, except on foot or by mule, production in the state went into decline when the same minerals and metals were found in more accessible areas in other parts of the world.

This situation is now being rectified. For the past 10 years a major effort has been made to open up the isolated and mountainous Sierra Madre Occidental in Chihuahua to boost production. About 1,250 miles of unpaved roads have been constructed in the sierra.

Ten years ago it was a two-week trip from Chihuahua, the capital of the state of the same name, to the important mining village of Ocampo. Now, with a new road, the journey takes only 10 hours.

Ash content

After Chihuahua, the neighbouring state of Coahuila is the most productive. Not far from the U.S. border at Muzquiz there are the country's main coal mines and at Rio Escondido the Federal Electricity Commission is building its first coal-fired plant.

The first of four 300MW units should come into use in 1981 and the entire project be finished in 1984. The plant will use about 4.5m tonnes of coal a year and is near deposits with proven reserves of 300m tonnes. Coal in this area, however, has a high ash content and so it is not the most suitable for coking. Mexico's largest steel plant, the state mill Altos Hornos, which uses the traditional blast furnace system, is near to the coal mines at Monclova.

Mexico has to import large quantities of coal as it is hampered by the ash content and to the fact that deposits are centred in one state. This makes transport to other parts of Mexico difficult and costly. Mexico's steel industry imported 582,000 tonnes in 1979, a 48 per cent increase over 1978.

Sr. Eloy Vallina, head of Grupo Chihuahua. The group's interests include banking and insurance as well as mining

In the State of Sonora there is the La Caridad copper mine, the world's second largest open-pit copper mine, which was inaugurated just over a year ago. The mining complex in arid, mountainous terrain is a wonder to behold. From the air, a vast, bronze-coloured mountain shimmers in the sunlight.

Mexicana de Cobre, the 44 per cent public-owned and 56 per cent private-owned company controlling the mine, spent 10 years realising the project which is planned as an integrated mill with total investment by the time all stages are finished at over $1bn. But it is behind schedule.

The mine and mill were scheduled to be operating at full capacity of 72,000 tonnes of ore a day by February 1980. At present the operational capacity is about 45 per cent with a 70 per cent recovery factor.

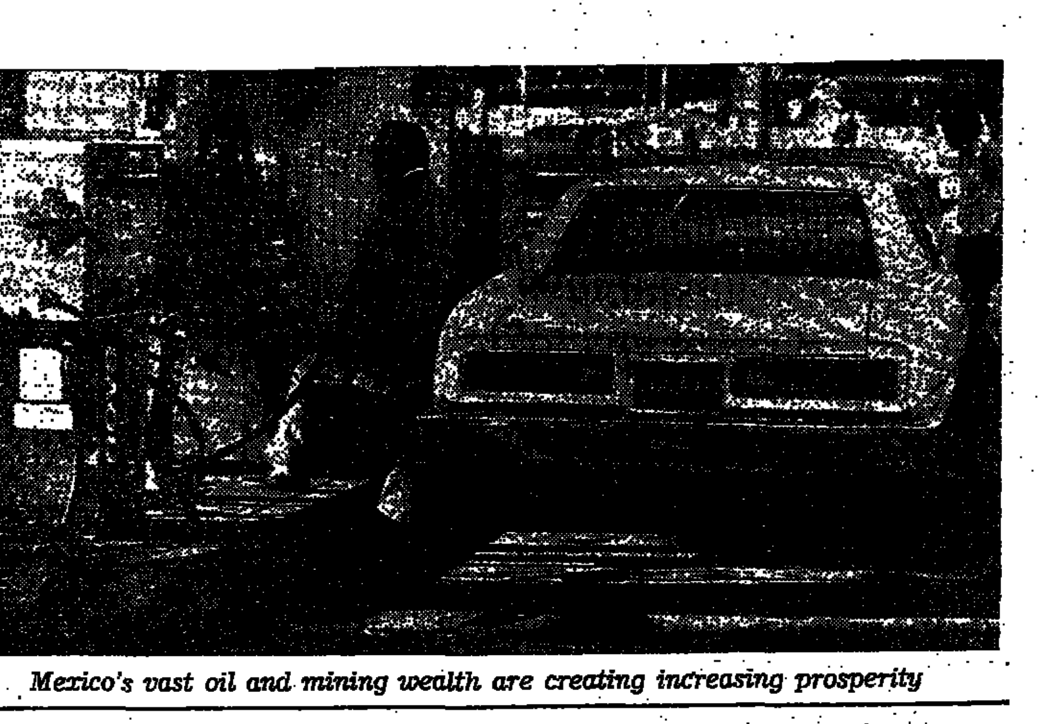
The crusher-concentrator, which will produce a maximum of 1,800 tonnes of concentrate a day with between 30 and 32 per cent copper content, is also behind schedule, and construction of the smelter, refinery and molybdenum plant have not yet been started.

Mexicana de Cobre's plan required a start-up date of May 1982 for the smelter. Since the standard construction time for a smelter under optimal conditions of delivery and material availability is three years, construction should have started in May 1979. Bankers, who loaned money for the project, estimate that the whole La Caridad project could be operating at capacity by 1985.

The mine has reserves of 680m tonnes of ore with an average purity of 0.67 per cent copper and 0.02 per cent molybdenum and will allow Mexico to move from 17th place to sixth place in world copper production. The country's demands can be satisfied with 20 per cent of production and the other 80 per cent can be exported.

The smelter will produce 180,000 tonnes of blister-type copper a year. The refinery's production capacity will be 150,000 tonnes of electrolytic copper a year and the plant for the extraction of molybdenum will produce 2,000 tonnes a year of sulphide concentrate.

Eventually, the mine's production capacity will rise to 90,000 tonnes of ore a day capacity to compensate for the decrease in ore grade without reduction in copper output.



Mexico's vast oil and mining wealth are creating increasing prosperity

In-bond industry makes rapid strides

MEXICO'S in-bond industry is centred in North Mexico and is making a valuable contribution to the country's economy. In-bond companies are assembly plants which import raw materials and parts under a liberal tax system and export the finished product.

Traditionally the Far East has been the place for such companies, mainly from the U.S. to take advantage of greatly reduced costs to become more competitive. But Mexico is fast becoming an important centre since it offers the advantages of cheap labour and generous incentives on the doorstep of the U.S.

Since, employment in the country's in-bond industry has risen from 91,000 to 121,000.

There are now 619 in-bond plants, mainly in textiles and electronics, and they will contribute an estimated $1.3bn to the economy this year in value added re-exports, compared with just over $1bn in 1979.

According to the country's number two private bank, Banamex, the in-bond industry could generate $10bn in foreign exchange by 1990 and employ 450,000 people.

There are many advantages to setting up an in-bond plant in Mexico as opposed to Hong Kong, Taiwan or Korea.

- A plentiful supply of low cost and efficient labour.
- Proximity to U.S. industrial centres which allows manufacturers to cope with the increasingly frequent technological, model and style changes required in many products.
- Ease of communication.

Mexico is, in many ways, the ideal country for the "twin plant concept" since there is no problem of distance. Large amounts of money can be tied up in inventory because of extended shipping times.

None of these problems, however, is likely to occur in Mexico since there is no problem of distance, at least not for U.S. companies which make up the great majority of in-bond plants.

The capital intensive side of a business remains on one side of the border and the labour intensive side takes place in Mexico, where the hourly rate, including social security for workers, 15 days' Christmas bonus and the various taxes, works out at around $1.50—less than half the hourly rate in the U.S.

Advantage

The main advantage, however, of Mexico's in-bond industry, which was founded 14 years ago to earn foreign exchange and to combat the country's appalling unemployment, is that the raw materials for this sector of the economy are imported completely free of duty providing that 100 per cent of the finished product is exported.

And in return for working exclusively for the export market, companies can be 100 per cent foreign owned. This is an exception to the otherwise restrictive foreign investment policy in Mexico, which limits foreign ownership to a maximum of 49 per cent. Textile in-bond companies, however, are still required to have 51 per cent Mexican capital.

Companies are also exempt from 10 per cent value added tax introduced in Mexico this year, and from Mexican immigration requirements which limit the number of foreign management and staff.

Another benefit is that when the finished goods enter the U.S. they are considered processed from U.S. products—assuming that the imports come from the U.S.—and so they are taxed only on the basis of the value added.

Most of Mexico's in-bond plants are located at Tijuana Mexicali, Ciudad Juarez and Nuevo Laredo. Tijuana and Mexicali are the gateways from Mexico to California, the U.S's richest state with a market of about 23m people and an annual average per capita income of $8,000.

However, there arealso some disadvantages since the fortunes of Mexico's in-bond plantsare closely tied to the U.S. economy, as is, to a large extent, the Mexican economy as a whole.

Heavy toll

The U.S. recession of 1974-75 took a heavy toll on industry in Mexico, which after eight yearsof growth suddenly came to a halt. Some companies drastically cut back or shut their operations and employment in the country's in-bond sector as a whole fell by 9,000.

The U.S. is again in a period of recession, but until its real extent is fully known its effect on Mexico cannot be judged.

If recession does really bite, U.S. protectionist pressure will then there is the prospect that grow. Already U.S. labour leaders haveindicated that they would like to repeal tariff concessions which are the life-blood of the in-bond plants—not just in Mexico but anywhere in the world.

The risks were spelled out earlier this year by Mr. Charles Vanik, chairman of the trade subcommittee of the House Ways and Means Committee, when he told a seminar in Mexico on the in-bond industry: "Combine an ailing domestic economy with a close Presidential contest and the issue of jobs takes on tremendous importance.

Border patrols' impossible task

THEY CAME over the brow of the hill, their figures silhouetted by the silvery light of the moon and their voices breaking the stillness of the night.

Down below, four members of the U.S. border patrol hid in the the undergrowth of Dead Man's Canyon, about one mile across from the Mexican city of Tijuana.

Laughing and joking, the group of Mexicans, who had illegally crossed the frontier into the U.S., walked right by the border patrol. When the patrolmen sprang out, the Mexicans took off like bats out of hell. The border agents gave chase and quickly caught ten Mexicans. Other members of the group disappeared into the bushes.

The arrested Mexicans, most of them youths, then sat meekly by the side of the dusty trail. Those who wore belts had to take them off. Those without belts had to take off their shoes.

The patrolmen had run out of handcuffs, which had all been used on 20 other Mexicans arrested earlier in the night and now seated behind a nearby tree.

For 15 minutes we sat there, straining our ears and our hearts in our mouths. All we could hear were crickets and in the distance, where lights twinkled in a Mexican shanty town, the barking of dogs.

Then, suddenly, one of the patrolmen darted forward and two more Mexicans appeared.

In the space of two hours, 42 Mexicans were caught in the canyon—which is an infinitesimal part of the 2,000-mile long border between Mexico and the U.S.

Last year the border patrol made 1,069,400 arrests (998,760 were Mexicans). This works out at the rate of 122 arrests an hour. Often the same person is caught several times—the figures do not distinguish.

Nobody knows how many people crossed illegally and successfully.

The frontier is the longest and sharpest demarcation in the world between a rich, developed country and a poor developing nation. For millions of unemployed and underemployed Mexicans, the U.S. is still the new Jerusalem.

Crossing the frontier is as easy as pie. The U.S. border patrol has 2,400 men to watch the immediate area of the frontier, which works out at one patrolman every 0.83 of a mile. And less than 1 per cent of the frontier is fenced and that part presents few obstacles since the wire can be easily broken.

The flow of "illegal aliens," as they are called, across the border is now so great that the vast majority are simply detained for a few hours, questioned and then put back on the Mexican side, from where they cross again.

These Mexicans were arrested after they illegally crossed the border in a van

Every single one of the 42 arrested that night in the canyon was returned by air-conditioned bus back to Mexico. It is a cat-and-mouse game.

But the risk is not always so slight. The day before I went out with a border patrol in the Tijuana area, the bodies of 13 people from the Central American republic of El Salvador were found in the 516-square-mile Organ Pipe National Monument desert in Arizona.

They were members of a party which was smuggled across the border, reportedly for more than $1,000 a head. After being robbed by their guides, they were left without water in the desert where daytime temperatures reach 150 deg. F.

Turmoil

Recently there has been an upsurge in crossings by people from El Salvador which is in political turmoil. These particular people were middle class and not poverty-striken.

But the overwhelming majority who cross the border illegally are impoverished Mexicans. Because they live in the underbelly of the world's richest nation, they feel their plight more acutely and the chance to escape their poverty presents itself more readily.

Anybody who crosses the frontier at places like Tijuana, the border's single most active crossing point (23m crossings last year), quickly becomes aware of the sudden and tremendous disparity between the two countries.

As you approach the checkpoint from Tijuana, with its dusty, rubbish-littered, potholed streets, Mexicans tout handicrafts and other goods up and down the lines of waiting cars.

Once over the frontier from Tijuana, you enter the land of promise. The four-lane highway, which goes up to Los Angeles, is spotlessly clean. One of the first signs you pass reads "$500 fine for leaving rubbish" —more than a large proportion of the Mexicans who cross the border illegally earn in a year.

Out of the three people, whom I watched being questioned by the border patrol after they were arrested in the canyon, one had no money at all, another had six U.S. cents and the third had 500 pesos ($22). They had come from southern Mexico.

Since Mexico has an unemployment and under-employment rate which is estimated at over 40 per cent, and the border is so easy to cross, the problem of illegal emigration from Mexico to the U.S. will always exist.

There has been no decline in the numbers since Mexico discovered its immense oil wealth three years ago.

From the Mexican point of view, the issue is politically sensitive and highly nationalistic. After all, California, the richest state in the U.S., where most Mexicans head for, was part of Mexico until the U.S. took it away after defeating the Mexican army in 1848.

It is also true that the U.S. economy depends on cheap labour in some sectors, such as farming, and that the "dirty" jobs are done by ethnic groups.

Farmers are supposed to pay the minimum wage, but it is difficult to monitor this. And any Mexican who has crossed the border illegally and found a job is hardly going to denounce his employer.

The Mexican president, Sr. Jose Lopez Portillo has himself said that he is not going to stop people looking for work.

From the U.S. point of view, the problem is one of containment. The most that can be done—short of building a Berlin wall between the two countries which will hardly make for good relations between the U.S. and its important oil-rich neighbour—is to stem the flow.

As it is, the building of a few miles of fence near Tijuana has created a lot of fuss and earned the nickname of the "Tortilla curtain." Tortilla, a cornflour pancake, is a staple Mexican food.

The 66-mile stretch of frontier covered by the border patrol at San Ysidro exemplifies the problem of containing the human tide.

In this stretch, 338,681 of the total arrests of 1,069,400 were made last year. There are 553 men on duty to patrol this part of the border where one third of the crossings are made. Further inside the U.S. there is back-up support by other arms of the U.S. Immigration and Naturalisation Service.

The border patrol is now facing severe cutbacks in its budget, which makes the task even more difficult. It is also the butt of scorn from the Chicano groups (Mexicans who have become U.S. citizens) and the work is dangerous.

Patrolling rocky terrain on foot at the dead of night, with the certainty that the number of people illegally crossing will far outweigh the number of patrolmen, is an eerie task.

Some areas, like the canyon, have become favourite places for bandits to wait in hiding to rob those who have crossed the frontier.

Quieter

Patrolmen rarely go too close to the border line, because rocks are thrown from the Mexican side. At one notorious area, near Tijuana, it was costing the border patrol $3,000 a month in broken windscreens alone. The patrol concentrated its forces on the area one night and cleaned it up. Since then things have been quieter.

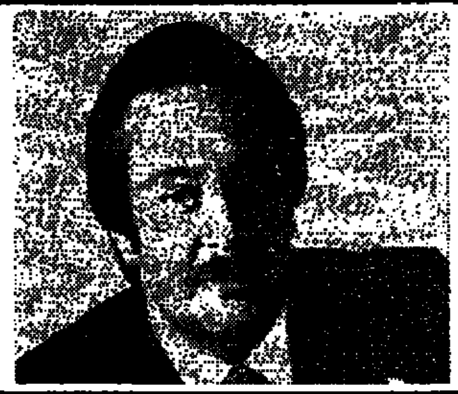
The budget cuts have led to the use of horses again. They were last used when the patrol was founded in 1924. Horse patrols are proving to be effective. Motorcycle patrols are also being introduced to cut down on fuel costs.

Work is further hampered by the 1980 U.S. census in order to get a clearer picture immigrants there are in the U.S., Washington does not want the border patrols to inspect farms for the time being. At the same time it is an open invitation for Mexicans to cross the border and get a job on a farm.

According to Mr. Selzer, a study in his area shows that the rate of arrests is about 60 per cent successful. For every 10 caught, four are getting through.

"We create the wealth which contributes in a decisive way to the growth of the Mexico of today and of tomorrow..."

Eloy S. Vallina
President of the Grupo Chihuahua, S. A.

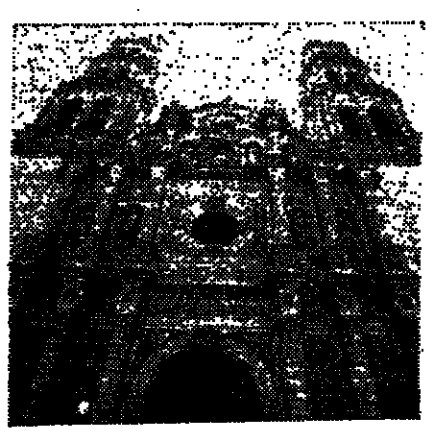


BRIEF DESCRIPTION OF CHIHUAHUA

Situated in the North of the Mexican Republic, the State of Chihuahua marches for 750 kilometres with the frontier of the most important market in the World: the United States of America. On the Mexican side it borders States of remarkable resources in cattle and agriculture: Coahuila, Sonora, Durango and Sinaloa.

It lies, between latitude 26°35' and 31°47' North and longitude 103°11' and 109°7' West of the Greenwich Meridian. Just to the North of the Tropic of Cancer it is the limit of the desert zone. It is the largest State of the Mexican Republic, with approximately 245,000 square kilometres of area, equivalent to 12.6% of the total Mexican land area. The climate varies from the extremes of the desert to the sub-tropical in the foothills of the mountains, with their summer and autumn rains. In spite of the large land area it only has 12 rivers and 9 lagoons.

There are 12 cities of importance, and a very large number of small towns, villages and ranches. The population of the State is 2,300,000 inhabitants, of which 67% can be defined as urban and 33% as rural. In terms of education, in spite of the geographical difficulties of communication, at least 88% of the population is literate. There are 35 radio stations, 7 television channels and 13 newspapers, which cover the State. The industrial base represents 5.1% of the national total, which can be divided up into 1.8% in manufacture and 2.7% in trade and services. In general terms it is responsible for 3.3% of the GNP.



Chihuahua is a land of natural contrasts. It is a vigilant caretaker of its colonial arquitecture, principally in the form of its Jesuit missions in the mountains. At the same time there is a wide range of other architectural styles, including art nouveau, baroque, plateresque and others. An example is the facade of the Cathedral of Chihuahua.

ORIGIN OF THE CHIHUAHUA GROUP

In 1934 a farsighted group of businessmen, headed by Don Eloy S. Vallina founded the Banco Comercial Mexicano in the capital of the State of Chihuahua. Basing itself on strategies which were unusual at that time such as high reinvestment of profits and the latest administrative systems, the group grew rapidly to become one of the most important in Latin America in industry, banking, insurance and forest products.

MEMBERS OF THE CHIHUAHUA GROUP

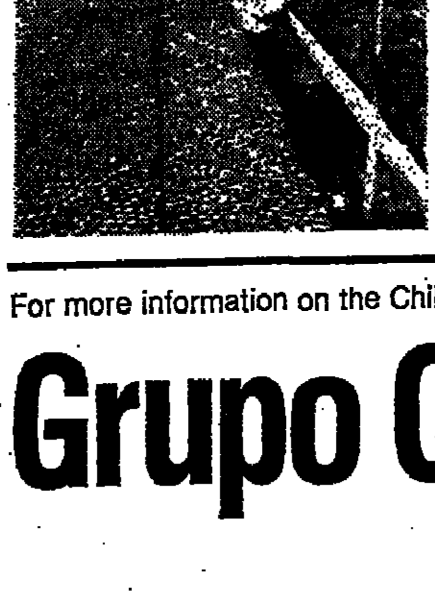
The Chihuahua Group is formed principally of local investors, headed by *Don Eloy S. Vallina*, the son of the founder, and members of his family, together with international partners who have contributed their technologies. Actually, the Chihuahua Group is formed of 62 companies and has minority share holdings in 11 companies. The Group manages assets superior to 2,000 million pounds, including its own resources and public invested capital. This complex structure is administered by a strategic information and control centre, Esvamex, S. C. In itself this is the corporate headquarters wich establishes the administrative and political norms for the firms and institutions which make up the group. Esvamex, S. C. Esvamex, S. C. is normally the company which is responsible for reinvestment and for international associations.

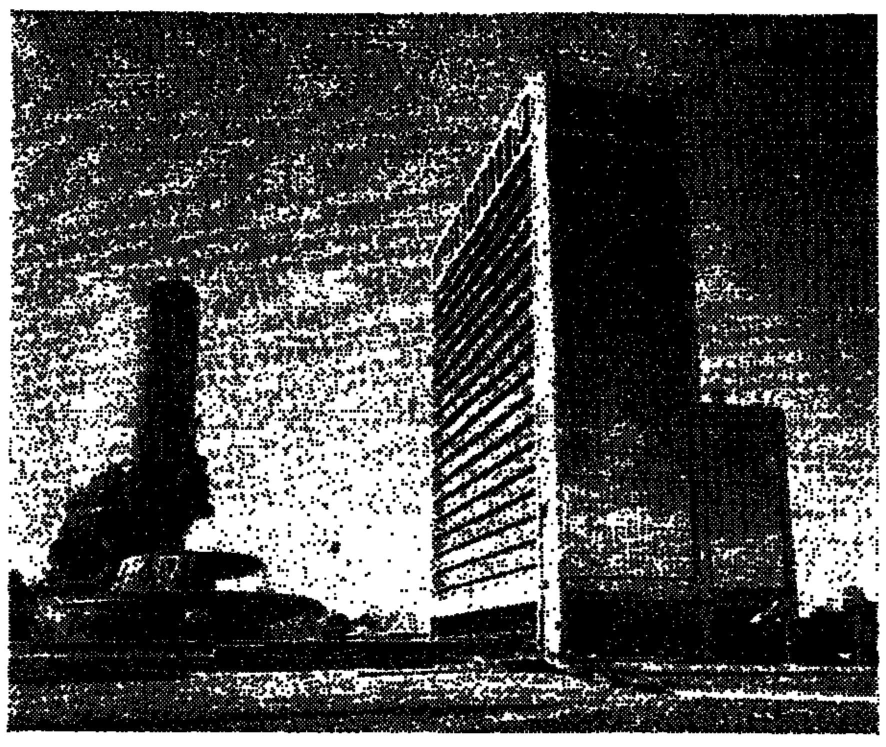
FINANCIAL SECTOR

Multibanco Comermex, S. A. is the leading institution of the financial sector, and has 300 branches throughout the Republic, together with offices in the U. S. A., South America and Europe, that is in London and Madrid. It was the pioneer of the Multiple Bank in México, and is one of the most important private Banks in the country, with resources of approximately 1,700 million pounds. This sector includes services in banking, finance, mortgage and trusts together with the auxiliary credit institutions. Arrendadora Comermex, S. A. (leasing), Almacenadora S. A. (raw material and machinery purchase credits), Comermex, Casa de Bolsa, S. A. (stockbrokers registered in the Mexican Stock Exchange), Multifondo de Desarrollo de Capital S. A. (Unit Trust). Multibanco Comermex has achieved the highest growth rate in the Mexican banking market in the last five years and has undergone a major administrative restructuring to bring it into line with banking systems in the United States and Europe.

INDUSTRIAL SECTOR

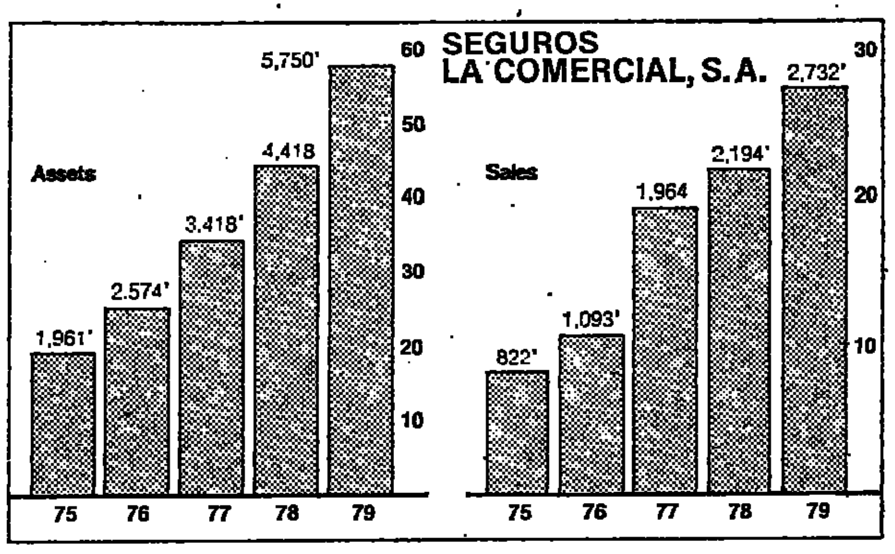
The origin of this sector is to be found in the wooded areas of the State of Chihuahua, which were for a time owned by English and North American interests, but which were later purchased by the Chihuahua Group and granted as a concession by the Mexican Government. This division began in 1948, with Bosques de Chihuahua, the company which is actually developing these wooded areas together with the communal farms which grew out of the Mexican agrarian refor policies.





MULTIBANCO COMERMEX
MEXICO CITY OFFICES "PLAZA COMERMEX BUILDING"

These large forests are rich in Ponderosa Pine a variety of pine tree which only grows in the South of Arizona, in California, in Sonora and in Chihuahua. They form the base of the industrial complex Celusosa de Chihuahua, which at the present time employs 1,200 workers. In association with the local farmers and small landholders the wooded area has been considerably increased and the quality of the pines has been improved by the use of modern genetic techniques.



Among the companies which form this division, integrating a total pine processing industry, are Celulosa de Chihuahua, (producer of cellulose paste), Paneles Ponderosa (chipboard and compressed wood products), Soquimex (chemical products and resin), Papeles Ponderosa (manufacturer of cardboard).

The transport and raw material infrastructure on which this sector is based is provided by companies specializing in construction of penetration roads, transport, material handling as well as a company which selects and plants seedlings. This last company is actually cultivating more than 15 million small pine trees.

Other important industries such as Aceros de Chihuahua, S. A. form part of this division. It also supervises minority holdings of the Group in other industrial areas such as cement, bricks, ceramic asbesto products, and is also developing its participation in the growing oil and gas market together with Smith International of Mexico, which specializes in high technology items for oil production.

COMMERCIAL SECTOR

One of the principal insurance companies in the country, both in terms of tradition and of economic and technical resources, is Seguros La Comercial, S. A. Its total assets are approximately 1,200 million pounds, and its premiun income in 1979 was 550 million pounds.

The exemplary profits management of the insurance companies of the Chihuahua Group has given it an international prestige which has enabled it to open its own offices in the U. S. A.. and also to acquire recently the majority of Seguros El Fenix in Puerto Rico.

The Chihuahua Group has also been one of the more dynamic organizations in the Mexican insurance market. In 1940 it founded Seguros El Sol, which was subsequently merged with Seguros La Comercial, S. A. Seguros La Comercial, S. A. is constantly developing new insurance instruments in all areas in order to keep up with the continuously changing social character of a country in full development such as Mexico.

SERVICE AREA

In terms of services the Chihuahua Group manages a series of support companies without losing sight of legitimate profit objectives. Amongst these companies there are two in the air transport area: Aviones de Chihuahua, S. A. and Comercial Aérea, S. A.; one in computer services: Tiempo Compartido de Chihuahua, S. A.; a company specializing in research in administrative technology: Técnica del Norte, S. A.; and other companies specialized in the in bond industries situated on the frontier with the United States: Chihuahua Industrial Parks, S. A. and Maquilas Chihuahua de México, S. A.

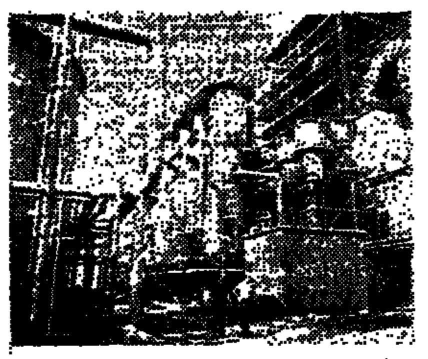
The service division features assets in excess of 140,000 pounds:

COMMERCIAL AREA

The principal company in the commercial area is Maquimex, S. A., distributors of Komatsu, Ltd. of Japan in almost half the Mexican Republic, and of Clark, U. S. A. in the important industrial areas of México. The marketing network of Maquimex, S. A. and of Equimaq, S. A., also provides the support for the sales in Mexico of the Mitsubishi aeronautic equipment and other complementary lines.

The distributors of the machinery sector form one of the best placed commercial networks in Mexico. Recently they have extended to cover the new oil areas of the South-East of the country, with the construction of new exhibition areas, sales organizations and maintenance workshops.

Arrendadora Comercial, S. A. forms a part of this sector, covering, leasing of fleets and equipment. It also handles the real estate holdings of the Chihuahua Group.



INTERNATIONAL DEPARTMENT

The Chihuahua Group has extremely high standards in terms of its international associations, both for investment and for technology. For example, international partners are:

Bank of America (Calif.) in Arrendadora Comermex, S. A.
American Express (New York) in Arrendadora Comercial, S. A. de C. V.
Formol y Derivados (Spain) in Soquimex, S. A.
Hercules Chemical (U.S.A.) in Quimproc, S. A.
Smith International (Calif.) in Sidem, S. A.
Corporación Financiera Internacional (World Bank) in Papeles Ponderosa, S. A.
Hilton Int. (New York) in Comermex-Hilton, S. A.
Ralston Purina (Calif.) in Pescatún, S. A.
Derivados Forestales (Spain) in Paneles Ponderosa, S. A.
Volkswagen Int. (Germany) in Volkswagen Leasing, S. A.

INTERNATIONAL OPERATIONS

The Chihuahua Group, in its three main sectors, has offices in different countries and can be called one of the Mexican organizations with the greatest world coverage. In the above map are to be found the cities with offices of the Chihuahua Group:

El Paso, Norteexport
New York, Multibanco Comermex
Los Angeles, Seguros La Comercial
Los Angeles, Multibanco Comermex
Denver, Ponderosa Industrial,
Chicago, Seguros La Comercial,
Madrid, Multibanco Comermex,
London, Multibanco Comermex,
Sao Paulo, Multibanco Comermex.

NEW BUSINESS

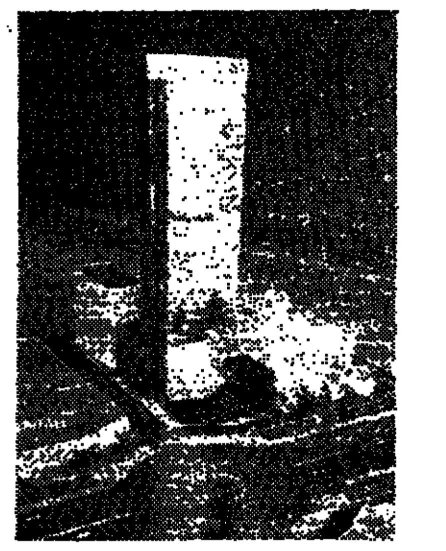
The Chihuahua Group can be characterised as being in a state of continuous development. It promotes both on its own and with partners new businesses in which it detects good investment possibilities. Relying on thorough preliminary studies it only enters those markets where it considers that there are possibilities of obtaining a leadership position in a relatively short time, and where it feels it has the necesarry experience in its own administrative and industrial technology.

INVESTMENTS IN FISHING

In July of 1980 Péscatún, S.A. began operations. This is an international joint venture, with the majority held by the Chihuahua Group. The company is at present using 10 deep draft tuna boats, ranging from 1,000 to 1,700 tons capacity.

The fleet is assisted by one helicopter for every 2 boats, to spot the tuna shoals in migration, which have first been located by satellite and then passed to the units by conventional communication systems.

Pescatún S. A. will help to improve the scientific development of the sea and will practically double Mexico's share in the capture of tuna. 80% of the catch will be exported to the United States.



PARTICIPATION IN TOURISM

Comermex-Hilton will begin this year the construction of a chain of 5-star Hilton hotels in the areas of major demand en Mexico, which are Acapulco, Cancún, Mexico City and Chihuahua, amongst others.

These real estate investments, as well as being funded by capital from both partners, also give the opportunity to local shareholders to take advantage of these opportunities. The project includes also a 5-star operating unit for the Comermex-Hilton chain, a second unit for a 3-star hotel chain, both of which companies include training programs using the latest European and North American technology.

For more information on the Chihuahua Group please write to:

Grupo Chihuahua

Grupo Chihuahua, S. A. (Head Office), Calle 3a No. 803, Chihuahua, Chih. Mexico; or
Grupo Chihuahua, S. A. Plaza Comermex, Piso 19, México 10, D. F.

Chihuahua: a thriving role in national economy

ONE DAY, some years ago in Chihuahua, Mexico's largest and least-populated state, an elderly, poorly-dressed couple walked into a bank in the state's capital. A bank clerk, thinking that they had come to beg, took pity on them and gave them some money. Whereupon the surprised husband dumped the bag he was carrying on the counter and proceeded to deposit 2m pesos.

The story is typical of Chihuahua's deceptive appearance. To most Mexicans, Chihuahua is a poor state which produces little else apart from the country's most tasty steaks, timber, apples, cheese and minerals. And to foreigners, if they have heard of the state at all it is because it is synonymous with the little Chihuahua dogs.

Chihuahua produces a lot more than meat and dogs; the latter have in fact disappeared from their homeland. (The people of Chihuahua are amused by foreigners who come to the state expecting to see the tiny dog roaming the streets).

Chihuahua is Mexico's main producer of iron-ore, zinc and lead; it also produces copper, silver and fluorite and the state has Mexico's largest deposits of uranium. According to a local story, uranium for the first atomic bomb came from Chihuahua.

Ponderosa Industrial makes extensive use of the state's Ponderosa pine forests, the largest in Latin America, for pulp, plywood, particle board and other products and one third of Mexico's "in-bond" companies are located in the state.

And the bank where the couple deposited their 2m pesos has grown to become Multibanco Comermex, Mexico's fourth-largest private bank. The bank, along with Ponderosa Industrial, make up the holding company known as Grupo Chihuahua, which is a fast-growing industrial group with a powerful role in the Mexican economy.

The economy of Chihuahua, which occupies 12.6 per cent of Mexico's territory and has a population of about 2.2m, traditionally has been based on its long history of mining, lumbering and cattle. Together these three sectors employ more than 40 per cent of the labour force and produce a good third of the state's GDP.

There are more than 4,000 ranches in the state where Mexico's best Hereford, Angus and Brangus cattle are raised. Pine forests cover 17.5m acres. Mines are scattered about, but they have gone into decline because of the cost and difficulty of opening up the mountainous isolated areas.

The main thrust of Chihuahua's economy now comes from the Grupo Chihuahua, which, including its banking and insurance activities, employs more than 12,000 people. The story of the holding company illustrates the hard work and *enterprise for which the state is famed.*

Persuaded

The seeds of Grupo Chihuaha were planted on December 31, 1933 in the state capital's casino (the capital is also called Chihuahua). Sr. Eloy Vallina, a local businessman who emigrated to Mexico from Spain, persuaded his friends amid the New Year's Eve's festivities to help him start a bank.

Soon Banca Commercial Mexicana was founded with a capital of 300,000 pesos; later it opened offices around Mexico and an insurance company was started, Seguros La Commercia, which today is Mexico's second largest. In 1946 the Vallina family branched out into industry by buying the Mexico North West Railroad Company and its pine forest covered land.

In 1953 the tiny village of Anahuac was chosen as the site for three companies, one of which was closed down several years ago. Celulosa de Chihuahua is Mexico's largest producer of pulp and Plywood Ponderosa of plywood.

Anahuac was a barren, inhospitable, all but unpopulated place, but it had the advantage of having a lake and being on the rail route to the pine forests. Today, Anahuac has grown to over 10,000 with life centred around the Grupo Chihuahua. The adobe houses have given way to small bungalows for workers; there is a cinema, church, shops and other amenities.

Apart from being Mexico's main producer of pulp and plywood, Ponderosa Industrial also leads the country's market in particle board and folding box board. It also produces pine oil, resins and mouldings and has a steel plant with an annual capacity of 90,000 tonnes.

Most of the companies are based in Chihuahua, which by virtue of its proximity to the U.S., makes exporting to Mexico's northern neighbour much easier. Last year Ponderosa Industrial's exports were worth 136.4m pesos ($6m); 62.9m pesos less than in 1978 because of a shrinking U.S. market, with recession, and greatly increased demand in Mexico where the economy is booming.

The net profit increased 29 per cent to 202.1m pesos ($8.9m) on sales of 2.2bn pesos ($97.3m), a 38 per cent rise over 1978.

The financial arm of the Grupo Chihuahua has been equally successful. Multibanco Comermex, which in 1977 was the first bank to take advantage of the country's new banking law and transform itself into a multiple service as opposed to a single-service bank, reported a net profit in 1979 of $22.5m.

The bank's deposits increased by $816m, 47 per cent more than 1978, to a total of $2.6bn. Comermex handled just over 10 per cent of the total new deposits received by Mexico's private and mixed-capital banks.

In common with other Mexican holding companies, Grupo Chihuahua has adopted a paternalistic approach to labour relations, but not as much as its colleagues in Monterrey in the state of Nuevo Leon.

Apart from very cheap housing for its workers in Anahuac —rents are as low as 125 pesos ($5.5) a month—there is also free water and electricity schools for workers' children, sports facilities and the company pays its employees' entire state social security contribution. Usually the contribution is divided between the employer and employee.

But the unions within Ponderosa Industrial are affiliated to the Mexican Confederation of Workers (CTM) and are not "independently" run as they are in Monterrey where the power of the CTM, the backbone of the 50-year ruling Institutional Party, has been eclipsed.

Also, like other Mexican holding companies, Grupo Chihuahua is taking advantage of the current, oil-fuelled economic boom in the country, to diversify its activities more.

In October construction is expected to start on a 300-room five star Hilton Hotel in the state's capital. The 375m pesos ($16.5m) project is being financed by Comermex, which in turn is heavily tapping Fonatur, the Government's tourism development fund. Hilton has the management contract.

Tourism plays a significant part in the economy of Chihuahua. Last year 12.2m people visited the state from the U.S., generally for a couple of hours over the weekend. They spent 3.3bn pesos ($146m). On top of this "border" tourism, 1.7m people mainly Mexicans from other states, visited Chihuahua.

Outside the Grupo Chihuahua, other activities are being promoted by the Chihuahua Economic Development Council, which is a predominantly private sector body.

The problem now, says Sr. *Eugenio Villareal, the council's* head, is that development in Chihuahua is taking place faster than expected. In order to avoid the pitfalls of accelerated growth—bottlenecks, upsetting patterns of rural society and making the state into too attractive a magnet for migration from other poorer states—the council intends to concentrate more on the *quality* of new jobs than the quantity.

Logs from Chihuahua's pine forests are brought for processing to Plywood Ponderosa, part of the Grupo Chihuahua

Incentives help Baja

THE STATE of Baja California Norte (population 1.6m) is the gateway to Mexico for the great majority of tourists from the U.S. Every weekend there is a mass exodus from California across the border at places like Tijuana as families head for the beaches along the magnificent motorway carved into the rock along the Pacific coast.

At the same time, thousands of poor Mexicans are also trying to cross the frontier, but not to bronze themselves on a U.S. beach and certainly not through one of the checkpoints.

More Mexicans cross the *border illegally from* Baja California Norte than from any of the other five states which share a frontier with the U.S.

The two flows, going in opposite directions, with one motivated by pleasure and the other by the sheer necessity of finding a job, illustrate the two sides of the coin in Baja California Norte.

On the one hand the state, with its miles of beaches and cheaper cost of living, is a tourists' pleasure ground, and on the other there are many Mexicans who cannot scratch a living and are driven to the state en route to the U.S.

Tourism is the principal source of income in Baja California Norte. The true picture, however, is impossible to ascertain since the Mexican tourism industry's statistics are highly misleading.

Duties

According to the tourism ministry, 23m tourists spent 10bn pesos ($442.4m) last year in Tijuana.

The state is also becoming a growing centre for manufacturing industries, particularly those which fall under the category of "in bond" (see separate story). These industries are allowed to import completely free of duties if they guarantee to export 100 per cent of their production.

There are 204 in-bond plants in the state, employing a total of 16,400 people, most of them in clothing and electronics.

The Government is encouraging development in the state, which for a long time was neglected. Now it enjoys more advantages and incentives than any other state in Mexico.

The area is a free port zone; Value Added Tax is charged at 6 per cent and not 10 per cent as it is in most of the rest *of Mexico, and the state figures* highly in the national industrial development plan.

This plan gives generous fiscal and other incentives to lure industries out of overcrowded industrial centres such as Mexico City and Monterrey.

The state's proximity to the U.S. has caused Baja California Norte to grow at an alarming rate over the last 20 years. Tijuana's population has grown officially from 165,690 in 1960 to an estimated 800,000 now. The 1980 census could well show that the city's population is nearer the million mark.

Bursting

As a rule of thumb it is estimated that of the 1,000 to 1,500 people a day who arrive in Tijuana, one third manage to cross the border successfully.

Tijuana is twice the size of Mexicali, the state's capital, which is further along the frontier and not so advantageously placed either for tourism or illegal crossings.

The centre of Tijuana is bursting with handicraft shops and the dirty side streets are full of seedy girlie bars. Ponies, painted with black and white stripes to make them look like zebras, are stationed along the main street, Avenida Revolucion. They stand in front of gaily-painted mock wagons with a scenic painting in the background so that tourists can have themselves photographed for posterity.

Near Tijuana's international airport an industrial park is being built under the auspices of Nacional Financiera, the Government's development bank. Bulldozers are levelling the ground.

The latest company to open in the park is the Japanese electronics giant, Matsushita, in June. It has an in bond plant which serves the U.S. market.

Japanese companies are showing increasing interest in the state and Honda may establish *itself in Baja California Norte.*

The state is an ideal launching point for the vast market of California.

The state's development council advertises itself with a lorry marked "export" bursting through a bottle. Baja California Norte is also rich in fishing and the Morelos dam on the upper reaches of the Colorado river had turned the Mexicali valley into a major agricultural area for cotton and wheat.

Sonora aids food supply

SONORA IS Mexico's most agriculturally productive state and since agriculture is the Achilles Heel of the Mexican economy the state's importance in national terms is vital. Indeed, were it not for the state's productivity, Mexico would probably be facing food riots this year because the agricultural situation is in even more *dire straits.*

North Mexico especially has been exceptionally hard-hit this year by drought. This lack of rain coupled with the perennial issues of inefficient use of land, lack of funds and a general neglect of agriculture is causing food production to fall to such an extent that imports of cereals could be as high as three times last year's imports of 3.7m tonnes.

However, although Sonora has been seriously affected by the drought, it is still pulling its weight. This is because 97 per cent of the state's arable land is irrigated and so it is in a far better condition to weather a drought.

Sonora (population 1.6m) has always been, like all the other northern states, a very dry state. This year the weather has been drier than normal. But work was started over 20 years ago to exploit the large Yaqui river and create irrigated valleys.

The largest is in the Yaqui Valley in the southern part of the state and covers an area of 225,000 hectares.

Out of the state's total arable land of 690,231 hectares — a mere 3.7 per cent of Sonora's vast territory—674,231 hectares are irrigated and 16,000 rain fed. And work is going ahead to bring a further 60,000 hectares into the irrigated system in the Yaqui Valley.

Flying over the valley is a soothing experience since the land is most untypically Mexican. It is not barren and arid *but a patchwork of greens and* yellows with canals criss-crossing the land, and modern machinery in use.

Sonora produces in volume 57 per cent of Mexico's chick peas, 40 per cent of the wheat, 34 per cent of the saffron, 25 per cent of the cotton and 24 per cent of the soyabeans. More recently, with diversification into new crops, it produces 33 per cent of the country's grapes.

The state also has many ranches, which produce along with the neighbouring state of Chihuahua Mexico's finest meat, and its Pacific coast is a rich fishing ground.

Apart from fishing and agriculture, Sonora is also rich in mining. The copper mine La Caridad is the world's second largest open cast copper mine.

The state also has a flourishing in bond sector with 75 assembly plants employing 18,000 people. Most of the in bond plants are at Nogales near the U.S. border.

Tourism too, is being promoted, particularly at San Carlos near Guaymas where in 1977 32.5m pesos ($1.4m) was invested in a country club with a staff of 490 people.

Monterrey: hive of private enterprise

MONTERREY IS the hive of Mexico's private enterprise and it is a city which hums with business. About 7 per cent of Mexico's GDP is produced from the city's metropolitan area (population 2m). The activities include producing one-third of the country's steel; most of Mexico's secondary petrochemicals; billions of cigarettes; vast quanties of beer; thousands of tonnes of biscuits; about 2m tonnes of cement a year; capital goods; acres of sheet and fine glass; and plastic products. There are also numerous banks.

Most of these activities are in the hands of half a dozen holding companies or "grupos" as they are called in Mexico. They have established an immense empire which now stretches way beyond the limits of the parched, ugly city to most parts of Mexico.

If the non-Monterrey-based interests of the holding companies are included, then Monterrey's contribution to economic output is probably nearer 10 per cent.

Monterrey kills most myths about Mexico. It is a world of its own. While Mexico City, the country's capital, bustles with bloated bureaucracy, political gossip and State enterprises like Pemex, the oil monopoly, whose efficiency is open to question, Monterrey prides itself on being an efficient profit-making machine.

Life is different in the northern capital. The streets of Monterrey are cleaner; policemen wear neatly-pressed khaki uniforms, people are far more punctual for appointments and, despite the reputation for hard work, many shops close at lunchtime. The U.S. border is only 100 miles away and the influence of the northern neighbour is keenly felt.

The climate is harsh and an unpleasant, yellow cloud of smog, formed by fumes from the steel mills and petrol *chemical plants*, hangs over the city. Executives work in air conditioned offices with the curtains drawn across their windows. The top executives are heavily guarded at home and at work.

Monterrey's industrial roots date from the founding *of a brewery, Cerveceria* Cuauhtemoc, in 1890 by the Garza and Sada families. The beer quickly became famous—winning international prizes—and related industries were set up. Plants to supply bottles and cardboard shipping cartons were established and also a steel mill, Hylsa (Hojalata y Lamina, Sociedad Anonima).

After the murder in 1973 of the patriarch Sr. Eugenio Garza Sada, his assets were divided up among the families.

Grupo Alfa, formed in 1974, is the giant which rules the roost. It controls Hylsa, which has *patented* a world-famous process for the production of steel by direct reduction of ores.

It is Mexico's leading private steel mill with production l'ast year of 1.5m tonnes. Monterrey's other steel mill, Fundidora, is now State-run and in 1979 produced 888,000 tonnes.

Alfa also has a paper and packaging division, fibres, petrochemicals, mines, consumer goods—mainly televisions and domestic electronic appliances—and capital goods such as induction motors and alternating *current generators*. Recently it has diversified away from heavy and light industry into tourism and food.

Partners

Alfa's foreign partners, either in the use of technology or in *joint venture, include BASF*, the West German chemicals organisation, Dupont, in the field of synthetic fibres, Hitachi, for motors, and Ford. Alfa's assets last year totalled 52.9bn pesos ($2.3bn).

Then there is Grupo Vitro (formerly Grupo FIC), which has grown out of the glass-making interests of the founding fathers. Apart from producing float glass in association with Pilkington of St. Helens, Vitro turns out plastic containers, machines and also owns mines. Banpais, Mexico's *eighth* largest private bank, is part of the group.

Another *holding* company, Visa (Valores Industriales Sociedad Anonima) is the financial muscle of Monterrey. Visa *has* Banca Serfin, the country's third largest private bank, in its orbit as well as the Cuauhtemoc brewery and companies which make animal feeds and building materials.

Finally there is Cydsa which concentrates on fibres, plastics, films and chemicals.

There are 10 other smaller holding companies, but these are the most important ones. There is a predominance of the surnames Garza and Sada, among the directors of each company.

However, while it is true that they are four separate units, they do very much interlock and so in the public's eye are blurred into *one massive* empire.

The network of the families, which have inter-married is as intricate and labyrinthine as a maze. Many streets in Monterrey are named after Garzas and Sadas and the surnames also figure on the boards of directors of companies outside Monterrey.

For example, Sr. Bernardo Garza Sada, who heads Alfa, is also a director of Grupo Industrial Saltillo, another holding company in the nearby growing industrial town of Saltillo in the neighbouring state of Coahuila.

Sr. Garza Sada is a member too, of the board of directors of Grupo Chihuahua in the state of Chihuahua.

Sr. Eloy Vallina, the head of this holding company which has in its sphere Multibanco Comermex, the country's fourth-largest private bank, and is Mexico's main producer of pulp and plywood, is Sr. Garza Sada's cousin.

Monterrey is now a centre of very diversified industrial production. There is hardly a pie in which one of the groups does not have a *finger* and the range of interests is broadening every year.

For example, Cydsa, *in* a move away from its dominance in the chemicals field, announced in June that it had agreed a joint venture with the U.S. company Caterpillar Tractor, to produce machinery for the construction and mining sectors.

Alfa began another new venture this year when it bought a number of food-processing and packaging companies along with ranches *and slaughterhouses in nine* states.

In one fell swoop Alfa moved into the food sector. Its five processed meat plants have a total annual production of 42,500 tonnes, 24 per cent of the national total. Alfa is also operating in the vegetable oil market.

In another recent move, Alfa obtained permission from the Industry Ministry to establish 13 petro-chemical plants at the port of Tampico on the Mexican gulf coast in the state of Tamaulipas.

Tampico is one of the Government's four planned industrial port areas where attractive fiscal incentives are being given to encourage industry to decentralise from congested Mexico City and Monterrey, places which no longer enjoy many tax benefits.

Alfa also this year bought Acermex, *a motorcycle manu*facturer and, with Yamaha technology, will transform the company to boost production of motorcycles from 18,000 a year to 100,000. The revamped company will employ 5.000 people.

Potential

Alfa, in particular, has been quick to spot the enormous consumer potential of the Mexican market. The present oil-fuelled economic boom will undoubtedly raise people's purchasing power.

Of its total assets of 52.9bn pesos, 14 per cent come from the original companies, such as Hylsa: 26 per cent from growth through acquisitions and 60 per cent from internal growth—i.e., investing heavily in the new ventures.

All this *gives Monterrey*, and in particular the families, vast power in Mexico. Not surprisingly this has led to a sometimes fraught relationship with the central Government in Mexico City.

Alfa's map at the back of its 1979 annual report, which shows Mexico dotted with the holding company's emblem, is symbolic of how the tentacles of Monterrey are reaching to the farthest corners of the country.

One of Mexico's finest museums is also in Alfa's hands (exhibited in the Cuauhtemoc brewery). The groups also help to finance the Monterrey Technological Institute, probably Mexico's best centre of learning; and Alfa has a 25 per cent stake in Televisa, a group of 48 companies involved in television and radio broadcasting, *publishing and the cinema*.

All this has made two capitals in Mexico — Mexico City, the seat of Government, and Monterrey, the bastion of the private sector.

Relations between the two sides are now back on a firm footing after a bad patch under the last governor of the state of Nuevo Leon of which Monterrey is the capital.

Sr. Pedro Zorilla Martinez, Mexico City's nominee, owed his allegiance to Sr. Luis Echeverria, the previous president, who became the bete noire of Monterrey's entrepreneurs because of his populist style of government.

Sr. Zorilla Martinez was isolated by the groups who shunned him in public.

This continued after Sr. Echeverria left office in 1976 and was replaced by the more *conservative, pro-business presi*dent, Sr. Jose Lopez Portillo. Sr. *Zorilla* Martinez had two years more to serve since the term of office of state governors overlaps the Presidential periods.

When the Duke of Kent went to Monterrey in 1978, protocol at that time would not permit state and industrial authorities to attend the same occasion. Two receptions therefore had to be held.

Now, however, under the new Governor Sr. Alfonso Martinez Dominguez, the captains of industry feel that they have a politician who has their interests more at heart.

When Mr. Cecil Parkinson, the British Minister of State for Trade, visited Monterrey last year, Sr. Martinez Dominguez put on a glittering display which brought the private and public sectors together.

It is generally accepted that the last elections for governor in Nuevo Leon were among the dirtiest in Mexico for a long time. According to local journalists, members of the PRI went to voting booths with wads of voting forms marked in favour of the PRI and deposited them in the urns.

Unlike his predecessor, Sr. Martinez Dominguez has not had to seek his power base in the Confederation of Mexico Workers (CTM), the main union and strongest sector of the PRI. The CTM does not have very much power in Monterrey because it was long ago eclipsed by the so called "sindicatos Independientes" (plant unions).

Such is the influence of the private sector in Monterrey that the unions are also in their pocket. These unions are highly paternalistic. They offer employees far better conditions *than the CTM in return for* loyalty, hard work and aloofness from politics.

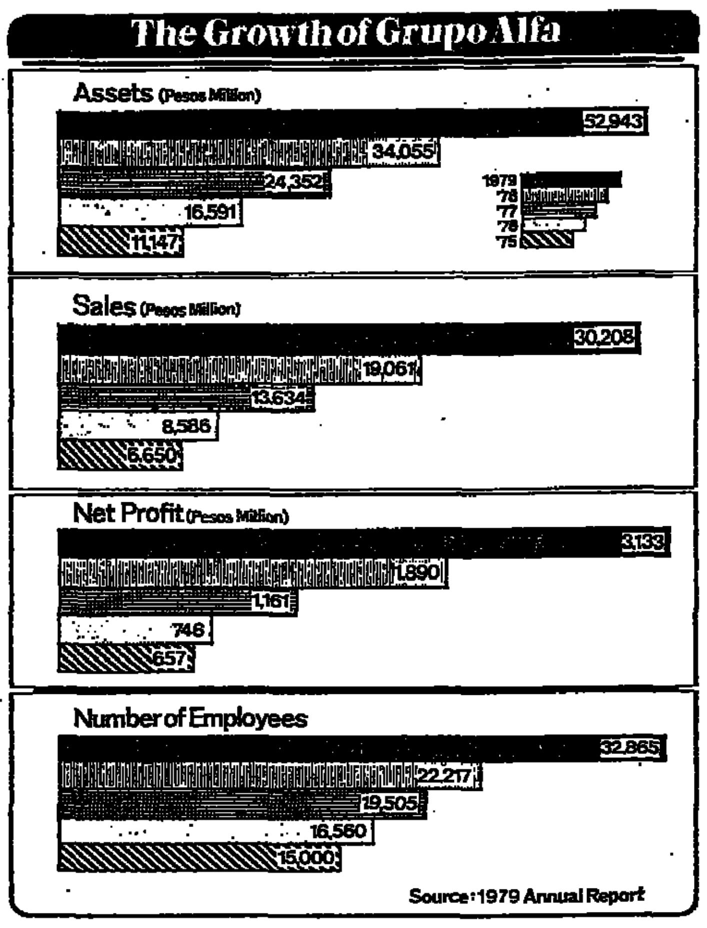
The industrial barons have devoted a lot of time and money to cultivating labour relations and it has paid off. Monterrey's strike record is the best in Mexico.

There are schools for the *children of workers, clinics*, sports facilities; cultural activities and Alfa has a marvellous planetarium. The CTM does look paltry in comparison.

The holding companies can afford to be choosy about whom they employ since Monterrey has become a magnet for the vast pool of unemployed.

The city has become a stronger magnet in the last two years. The expansion of the holding companies in Monterrey, fired by the country's oil wealth, is such that, according to a study by Alfa, hardcore unemployment in the area has fallen from a high of 10.4 per cent in the middle of 1977 to 5.8 per cent at the beginning of 1979.

After the 45 per cent devaluation of the peso in August, 1976, which forced companies to shed labour and stall expansion plans, unemployment rose sharply.



Industries come to Saltillo

A NEW industrial centre is quickly growing up in Saltillo in the state of Coahuila, 50 miles from the business stronghold of Monterrey. Chrysler and General Motors are building giant plants and the core of the town, the holding company *Grupo Industrial Saltillo* (GIS), is expanding.

The town, which is the capital of the state, is set on a dry plain against a backdrop of dramatically shaped mountains. It is well placed for the U.S. export market, which both Chrysler and General Motors will supply and, being so near to Monterrey, it has a ready source of raw materials and labour on its doorstep.

According to a study carried out by GIS, industrial growth in Saltillo over the next 20 years will cause the town's population and that of the surrounding area to increase from 300,000 to 1m.

The two U.S. motor companies, for example, will create several thousand new jobs between them when they come into operation in 1982. Chrysler will make engines and General Motors vehicles.

Such expansion will put a tremendous strain on the town. Unless services like decent housing, running water and electricity are catered for, at the same time as the industrial expansion takes place, then Saltillo will go the way of its congested neighbour Monterrey.

A worker at the Cifunsa engine block plant, Latin America's largest

At the moment Saltillo is a fairly quiet town with clean air and few of the miserable dwellings which have proliferated in Monterrey. The state authorities say that the mistakes of Monterrey have been learned and long-term urban planning is being carried out.

Saltillo owes its place on Mexico's industrial map to GIS, which started life in 1914 as a small iron foundry. Today GIS employs 11,000 people (out of Saltillo's total labour force of about 40,000) and made a net profit in 1978 (latest figures) of 250m pesos ($11.3m) on sales of 3.4bn pesos ($150.4m).

It has the world's sixth largest motor block plant (Cifunsa) and also makes motorcycles, filters, bathroom fixtures, floor tiles, and enamelled kitchen ware.

GIS is building a plant to produce automatic washing machines and with the West German company, Metallgesellschaft, will produce pistons. With John Deere, it is studying *the idea of a joint venture to* make tractors.

GIS's total assets in 1978 were 3.7bn pesos ($163.7m). Investment over the next three years is estimated at 6bn pesos ($265.4m).

Cifunsa's output will be expanded to 1.2m units a year to enable it to supply Chrysler and General Motors.

The presence in Saltillo of these two car giants has made the local people refer to the town as "Mexico's Detroit." Ford is understood to be also interested in establishing itself in Saltillo.

Car companies in Mexico now have to export a greater proportion of their output to meet the Government's requirements that imports for the car industry be offset by exports. This can be done either by increasing exports, which is what is happening, or by the companies buying more car components in Mexico. This means establishing joint ventures.

Saltillo already receives natural gas and a new pipeline is nearing completion to increase supply.

Settlements reveal price of expansion

NORTH MEXICO'S rapid industrial expansion, particularly in Monterrey, has brought in its wake immense social problems like "Tierra y Libertad" (Land *and Freedom*), a large settlement where more than 3,000 families are crowded together on parched ground in squalid, insanitary conditions.

Tierra y Libertad—the famous battlecry of Emiliano Zapata during the 1910 revolution which overthrew the conservative Porfirio Diaz dictatorship—is only a stone's throw from Monterrey's rubbish depot.

The pungent smell of rubbish wafts across the settlement where barefoot children, some naked, play in the dust-strewn streets. The wind blows fiercely at times and scatters the dust, leaving your mouth parched.

Tierra y Libertad illustrates graphically the sordid side of Mexico's industrial life.

As cities like Monterrey have expanded and offered job opportunities to Mexico's vast pool of unemployed *and* underemployed, so more and more people have left the impoverished countryside for the cities.

But, since the demand for work is far greater than the offer of jobs, thousands have had their ambitions frustrated. Many cannot be employed in Monterrey's industries anyway because they lack the necessary skills.

Instead of returning to their village homes, they have stayed put in the hope that one day there will be a full time job for them.

More scope

And even if there isn't, many are still better off because there is more scope for the traditional activities of the underemployed in a city than in the countryside: cleaning shoes, washing cars and selling chewing gum, for example.

As a result families have invaded land and settlements like Tierra y Libertad, on the outskirts of Monterrey, have sprung up.

It is estimated that perhaps as many as 400,000 people, out of a population of 2m in the Monterrey metropolitan area live in an "irregular" situation. This ranges from Tierra y Libertad to smaller "lost cities" as they are called.

Tierra y Libertad is a special case, however, because it is run on the lines of a commune. Its founders were students in the medicine and economics departments of the University of Nuevo Leon, who were involved in the 1968 student movement in Mexico.

The massacre by Army troops of Mexican students for anti-government activities on the eve of the Olympic Games in Mexico City in 1968 was a turning *point for Mexico*.

Tempting offers

Guerrilla groups sprang up. The ruling Institutional Revolutionary Party (PRI), sucked potential troublemakers into the PRI with tempting offers of work.

In Monterrey, however, a group of students channelled their energies into founding Tierra y Libertad. At that time migration to Monterrey was at its peak.

Despite its grim appearance, conditions at the settlement are much better than in other settlements. Tierra y Libertad has its own school, named after Zapata. There is a picture of him on the school wall carrying a rifle. There is also a clinic.

Electricity is tapped illegally from nearby pylons and there are collective water taps. A fleet of vans *takes people to the* centre of Monterrey.

Every decision which affects the community is put to a weekly general assembly, including whether to allow in journalists.

Recently, Televisa, the *private TV channel* in which the Monterrey holding company Grupo Alfa has a 25 per cent stake, made a programme about Tierra y Libertad. Members of the community did not like the way in which they were portrayed — claiming that the owners of Televisa had slanted the programme against them.

As a result, when I presented myself to the assembly late one Friday night, my presence acted as a catalyst for a debate on how much contact the settlement should now have with the outside world. The *conclusion*, after a vote, was that I should not be given a guided tour.

"Come back later," said an old man, speaking into the specially rigged up microphone, "Governments in Mexico change every six years, but we will always *be here*."

LOMBARD

Questioning the experts

BY GEOFFREY OWEN

FROM TIME to time governments find themselves having to take industrial decisions involving issues of great technical and economic complexity. The advice given to ministers is often conflicting, yet they are not qualified to arbitrate between different sets of experts. Powerful lobbies, both within government and among business interests, promote their points of view in Parliament and through the media: objective assessment of the matters at stake is hard to come by. The unresolved argument over the proposed computer system for the Inland Revenue is one example. On a bigger scale the past 25 years have been a series of decisions on nuclear power, the net effect of which has been to dissipate Britain's leading position in this important industry. Is it possible to devise different decision-making arrangements which would reduce the likelihood of errors?

Secrecy

Part of the trouble, as Mr. Duncan Burn has persuasively argued in the nuclear case, arises from too much centralisation; greater competition in reactor development and in the choice of reactors for power generation might have been preferable to the dominant influence exerted by the Atomic Energy Authority and the Central Electricity Generating Board. The fewer decisions of this kind which come to Whitehall the better. But there is another lesson that can be drawn from the nuclear story; it concerns those well-known features of government in the UK—secrecy and lack of accountability.

Mr. Roger Williams, after a careful study* of the decisions taken between 1953 and 1978, concludes that "in respect of Britain's nuclear development government mostly amounted to ratification, indifference or bewilderment." He believes that better accountability of the whole policy system, and especially of the AEA, would have contributed to better decisions. Secrecy was built into the system from the start and became an obsession. The monopoly of technical knowledge held by the AEA was accepted as inevitable and even desirable. Because of its prestige and its closeness to government, especially in the early years, its technical preferences, notably for the gas-cooled reactor, were rarely questioned, least of all in public.

Mr. Williams thinks there is a strong correlation between the extent to which proposals are analysed and criticised in advance of a commitment and their soundness in practice afterwards. "One might have thought that, faced with matters which they could not really be expected to understand, decision-makers would have sought safety in opening out policy arguments so that outsiders might identify weaknesses insiders were either not qualified to assess or which they were prevented from even acknowledging because of institutional affiliations. Instead, on grounds of commercial security or constitutional propriety, the arguments were repeatedly closed up.

Investigations by the Commons Select Committee on Science and Technology were useful, but Mr. Williams criticises this body for taking its own opinions too seriously and not seeing itself primarily as an instrument of inquiry.

Scrutiny

There has been an advance in accountability on the safety aspects of nuclear power, especially in relation to reprocessing. British Nuclear Fuels was forced to provide a detailed public justification of its proposals to the Windscale inquiry which, Mr. Williams believes, began an important learning process; it is important that hte out-turn is kept equally open. But it is unfortunate that the economics of nuclear power decisions over the past two decadse have not been exposed to the same scrutiny and discussion—mainly because the information has not been made available.

The present British Government is uncomfortable with decisions about industry and technology because it believes they do not belong in Whitehall. Since many of them, for the time being at least, cannot be handed over to the private sector, ministers should do the next best thing and open them up for informed public debate.

* *The Nuclear Power Decisions*, by Roger Williams. Croom Helm £19.95.

The increasing need to temper justice with speed

BUSINESS AND THE COURTS

BY ANN MOORE

WHEN INTEREST rates are high and business concerns short of cash, it is more urgent than ever to speed up awards and judicial decisions in commercial matters.

Arbitration is thought to be a quick, cheap and private way of settling disputes, but in practice may turn out to be none of these. The Arbitration Act, 1979, was designed to improve matters, especially by reducing the opportunity for time-wasting appeals to courts. Its critics are not convinced it will succeed. Their scepticism may yet be disproved by the courts.

The *Kostas Melas* case,* before Mr. Justice Robert Goff, concerned the right of appeal from an interim award by arbitrators under the new Act, and the extent to which a "commercial need for urgency" justifies an arbitrator making an immediate award for the payment of a minimum sum due, pending the final setlement of a dispute.

The vessel Kostas Melas was hired on a time charter in March this year. Events then became very confused. Disputes arose, with accusations and denials, and the owners and the charterers agreed to arbitration. But the owners, who were owed hire instalments, and needed the money, sought immediate payment of $302,251 due, other disputed matters to be settled later. The charterers alleged that money was also due to them for certain expenses and should be set off against the owners' claim.

On June 11 the arbitrators ruled that a minmum sum of $100,000 was "due and owing" to the owners and made an imediate interim award to that effect. They dismissed the charterers' claim for a set-off as not being in good faith or reasonable, and described it as "inflated, spurious and nebulous" in their statement to the court. They also rejected an application for an adjournment.

The charterers complained to the High Court that the arbitrators had acted improperly and unfairly in making the award without agreeing to an adjournment to allow them to prepare their case more fully. The court was asked either to remit or set aside the award, or to give the charterers leave to appeal against it under section 1 of the 1979 Act.

High feelings had arisen between the parties. The judge picked his way delicately through this treacherous ground, concentrating on the principal point: if there is a genuine need for a quick award, how far should this weigh against the other party's right to present its case fully?

The judge had no doubt about the owners' urgent need of cash. But what of the charterers' claim for a deduction or set-off? Such a claim, he said, had to be strongly supported by facts—"it is implicit in its very nature that it should only be exercised in good faith on reasonable grounds, and if the other part considers it is not being so exercised, he should be able to obtain a rapid adjudication on that point." That the right to make such a claim exists, even if it is not provided for in the orginal contract, was established beyond doubt in the doctrine of "equitable set-off" expounded by Lord Denning in *The Nanfri* case.†

But because of the need for a quick decision the party claiming the deduction must be prepared "at very short notice" to establish the justice of his claim. If—as in this case—it failed to do so it had, in effect, only itself to blame. An adjournment would only have defeated the object of the interim award. The judge held that the arbitrators had acted fairly and properly.

On the request for leave to appeal against the award the judge pointed out that the 1979 Act abolishes the old power to refer points of law to the court in the course of an arbitration. In its place it gives the High Court a limited power to decide a preliminary point of law, but only if this will reduce costs or significantly affect the parties' rights. After the award has been made there is a limited right of appeal, which may be made conditional on, for example, the lodging of security. Even so, it can normally be made only if one of the parties has asked the arbitrator, in advance, to give his reasons. If this notice is not given, at the proper time, the court will order a statement of reasons only if there was some good reasons for the omission.

In the *Kostas Melas* case Mr. Justice Goff said that either party could have asked for reasons to be given, but neither had done so, and he was therefore not prepared to make an order for such a statement under the provisions of the new Act. In fact the arbitrators, presumably somewhat nettled that "their conduct had been called in question" by the charterers, had produced a statement as to why they had proceeded as they did. But as its object was only to answer an allegation of misconduct the judge did not feel it could or should be used for another purpose.

He lacked the information he needed to decide if there were grounds for appeal.

In any case, he added—perhaps to discourage future time-wasting applications—if arbitrators made a minimum award under a time charter for sums due and because simply that the claimed deductions and set-offs were not made reasonably and in good faith, this was a question of fact and not subject to appeal under the new Arbitration Act.

Events up to this point have moved with commendable celerity: the vessel entered her chartered service on March 27, the disputed award was made orally on June 11 and confirmed in writing next day, the case came before the court on June 20, where because of the complexity of the disptes it took five days to argue. The judge then reserved his judgment with "some reluctance, realising that this would defeat the purpose (if justified) of a rapid interim award." It was delivered on July 18.

But the charterers then got leave to appeal against the judge's decision, the owners adding a plea for the utmost expedition. It remains to be seen whether the Court of Appeal will be equally concerned to enforce the spirit of the Act against such tactics.

As an *envoi*, Mr. Justice Goff gave a pleasing little homily on tempering justice with mercy, and on being fair as well as quick. "No tribunal," he said, "can necessarily conclude its work with two satisfied customers. But it can be done; and experience has shown that it is sometimes desirable to give a party a little more leeway than he may strictly be entitled to . . . a point which arbitrates might do well to keep in mind."

*SL Sethia Liners Ltd. v. Naviagro Maritime Corporation. The "Kostas Melas" Judgment, July 18th, 1980, unreported.

†Federal Commerce and Navigation Co. Ltd. v. Molena Alpha Inc. The "Nanfri" [1978] 1 QB 927 at pp. 974-5.

Flighting in form for Brighton

RACING

BY DOMINIC WIGAN

JOHN DUNLOP, enjoying by far his most profitable year as a trainer, and almost sure to better last season's personal best tally of 95 winners, should continue with his winning ways at Brighton today.

There, the Arundel trainer, whose previous best haul came in 1978 when he notched 73 successes, can score through Flighting and Aswad. His best prospect appears to be the once raced Flighting, a two-year-old filly owned by Sandy Struthers for whom Dunlop has picked up a good many noteworthy prizes over the past 15 years.

Sent to Ascot for the Virginia Waters Stakes just over a month ago, Flighting belied her odds of 33-1 in finishing fourth, beaten only 1½ lengths, three-quarters of a length and a short head by Silken Knot, Will Of Victory and Majieda.

A compact full sister to that high-class performer Bonnie Isle who finished a three lengths runner-up to Scintillate in the Oaks, Flighting should make short work of second rate opposition on this, a track which is ready made for her. I take her to land the Saddlescombe Maiden Filly Stakes at the main expense of Murmansk, a Warren Place raider not disgraced in finishing fourth of 24 behind York Terrace at Windsor recently.

With Luca Cumani's string beginning to find form backers will do well to examine the claims of his three Yarmouth runners *Life At Last*, Tower Joy, and Aim To Kill. The last named, a previously unraced colt, is likely to need time before showing his true worth, but I expect the older pair to oblige. Of the duo, *Life At Last strikes me as the* better proposition.

BRIGHTON

2.00—Tarte Aux Pommes
2.30—Flighting**
3.00—Chads Gamble
4.00—Aswad

YARMOUTH

2.15—Life At Last***
2.45—Tricky Rhythm
3.15—Kashmir Blue
3.45—Tower Joy
4.15—Devon Bells
4.45—Cyprus Sun*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 The Perils of Penelope Pitstop. 10.40 Take Hart. 11.25 Cricket: The Cornhill Insurance Centenary Test—England v Australia. 1.30 pm Mr. Men. 1.45 News. 2.05 Cricket: The Centenary Test. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The Space Sentinels. 5.05 Newsround. 5.15 Young Explorers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 North Sea Adventure.
6.50 Looking Good, Feeling Fit.
7.25 Top of the Pops.
8.05 Taxi.
8.30 *Last of the Summer Wine.*
9.00 News.
9.25 "Up The Sandbox," starring Barbra Streisand.
11.00 All About Books with Russell Harty.
11.35 Weather/Regional News.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 5.55-6.20 pm Wales Today. 6.50 Newyddion. †7.00-7.25 Phil Silvers as Sergeant Bilko. 11.35 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.30 pm Cricket: The Centenary Test—England v Australia.
6.35 Open University.
7.00 Dallas.
7.50 Mid-evening News.
8.00 Small World.
8.10 Horizon.
9.00 Call My Bluff.
9.30 Riley on Life.
10.20 Festival '80 from Edinburgh.
10.45 Newsnight.
11.30 Cricket: The Centenary Test highlights.

LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 Wild Canada. 11.15 Animated Classics. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Two Girls and a Millionaire. 3.45 Looks Familiar. 4.15 Project UFO. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.25 An Exceptional Child.
6.55 Charlie's Angels.
7.45 Miss United Kingdom 1980.
9.00 News.
9.30 "Swan Lake": Natalia Makarova and Anthony Dowell star in this Royal Ballet production.
12.05 am What the Papers Say.
12.20 Close: Delia Smith reads from the Scriptures.

All IBA Regions as London except at the following times:—

ANGLIA

10.25 am Friends of My Friends. 10.50 Solo One. 11.20 Words and Music. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. [illegible]

[illegible] Crossroads. 6.00 Report West. 6.45 BJ and the Bear.

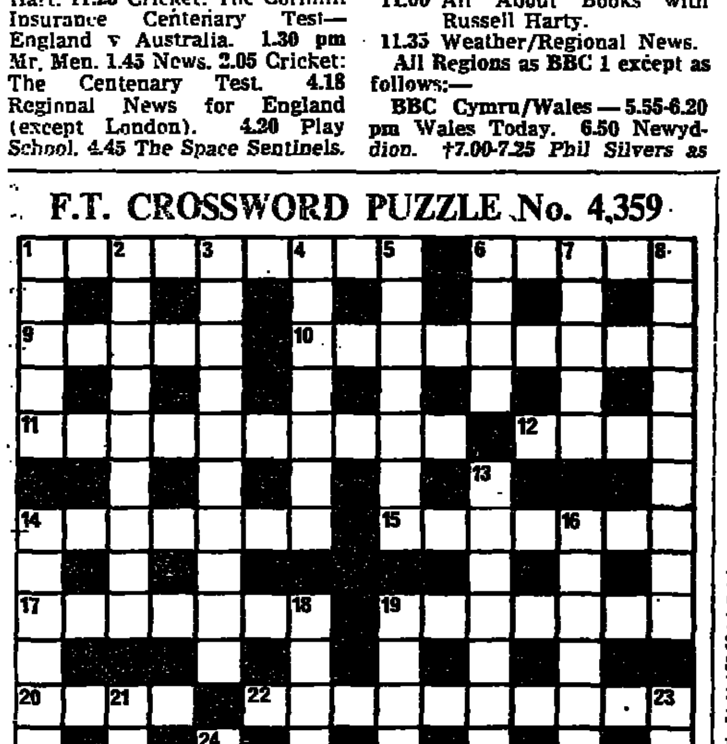
HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 4.15 The Latchkey Children. 4.45 Sêr. 5.15-5.20 Cartoon Time. 6.00 Y Dydd. 6.22-6.45 Report Wales.

SCOTTISH

10.25 am Jewellery Throughout 7,000 Years. 10.50 Wild, Wild World of [illegible]

Radio Wavelengths

F.T. CROSSWORD PUZZLE No. 4,359



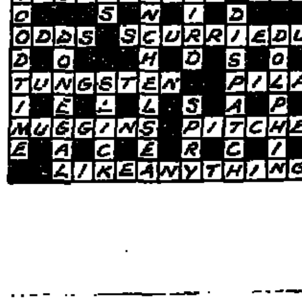
ACROSS

1 Wholly devoted to being consecrated (9)
6 Spill nought inside boat (5)
9 Pour fat over tack and beat with a stick (5)
10 Bad cure he concocted for a libertine (9)
11 Foundation under a lawn (5-5)
12 Clothing motorists get into (4)
14 A single clause in a literary composition (7)
15 Fail to catch insect used by anglers (7)
17 Register at a hotel and order chicken (5, 2)
19 A soft trim left in clothing (7)
20 Especially good and seldom met with (4)
22 Take a photograph of monster flower (10)
25 A cross in front of cathedral carpet (9)
26 Prize for a minor in custody (5)
27 Players performing without safety device (5)
28 Candidate in front of nurse (9)

DOWN

1 Find and remove faults from some French enthusiast (5)
2 Take to pieces little Diana's cloak (9)
3 What the photographer asks to be said to fool pin-up (10)
4 Unusually old pate for young amphibian (7)
5 Discussed mammal in action (7)
6 Closed shed from the south (4)
7 Part of loch re-excavated for pigment (5)
8 Representation wanting beam put in gate (9)
13 Colonel left side before time for the distribution of religious books (10)
14 Find out, however sure (9)
16 Dismiss custodians making protective screen on hearth (9)
18 No poles on summit continuously (3-4)
19 Like dark blue slander (7)
21 Stomach drink and turn north-east (5)
23 Free article turned up in the lowest point . . . (5)
24 . . . and one French article, it follows (4)

Solution to Puzzle No. 4358



ENTERTAINMENT GUIDE

ART GALLERIES

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Reg Livermore

Phoenix

Sacred Cow

by MICHAEL COVENEY

Reg Livermore is a one-man Australian show who found fame down under in *Hair*, *Jesus Christ Superstar* and *The Rocky Horror Show*. He is, to use the self-descriptive phrase of a similar Los Angeles transvestite entertainer, "a humour sexual." To find him in the West End is as surprising as discovering John Hanson in the Black Cap in Camden Town. I think the latter proposition would be more entertaining. For this is the theatre of narcissism carried to absurd lengths. Mr. Livermore cries out to be loved, but methinks the lady doth protest too much.

There are three definable personae on view: the downbeat Australian whinger whose monologues carry a cutting commentary on suburban isolation and despair; the transvestite extrovert whose display elicits a conspiratorial sabotage executed by stage-management and indifferent musicians; and, worst of all, the self-pitying undisguised singer with material supplied by Bette Midler and Bernie Taupin *inter alia* who uses heterosexual rock music ballads to convey a weepy homosexual inability to cope.

As all of this amounted to so much anathema for a first night audience, I was desperate to like Mr. Livermore more than he deserved. But self-indulgence and unbuttoned hysteria are his own undoing. Unlike Barry Humphries, he risks nothing with an audience by walling himself off behind an impressive display of *son et lumière*. There is no real contact, no effort to implicate us in his endless pursuit of self-glorification.

His studied attempts at bad taste are excruciating: in a drag routine communicating with a hospitalised sister he reveals little surprise at the fate of Peter Sellers: after all the women he'd been up and down.

Marginally more acceptable is his throwaway remark as a flatulent, lisping member of the Women's Weekly Suicide Society that his life is a flop, a veritable Bruce Forsyth spectacular. Rolf Harris and Robert Menzies come in for similar treatment.

These sketches go on for far too long, rather like Barry Humphries' grass widower routine. He only achieves take-off (not counting a spectacular mis-fired trapeze routine as an unprincipled principal boy to open Act 2) as a hallucitory Carmen Miranda, entangling her fruit with her legs as the design stunningly reflects both costume and state of mind.

The band, the Wellington Bewts, is perfectly amplified and everything about the technical presentation unbeatable. But this is a show all dressed up with nowhere to go, a self-regarding hotchpotch that claims for itself star quality without really earning the right to do so. It left me stone cold. Dead in character, Mr. Livermore engineers his own curtain call and brings on his own flowers. Everybody's a star, no one's a star. *Pace* Andy Warhol, I simply do not believe it.

Austro-Hungarian court actress dies aged 105

Rosa Albach-Retty, the last surviving Austro-Hungarian court actress, has died at the age of 105 in Baden.

Miss Albach-Retty, grandmother of Austrian actress Romy Schneider, retired from Vienna's famed Burg Theater in 1958. She last appeared on its stage in 1974 for a 100th birthday celebration.

Miss Albach-Retty was 44 when Austria's Hapsburg monarchy was dissolved in 1918 after the loss of World War 1.

EDINBURGH FESTIVAL

New York Philharmonic

by DAVID MURRAY

The Festival audience gave a warm welcome to the New York orchestra at both its Usher Hall concerts under Zubin Mehta. The hall was crammed for Mahler and Jessye Norman on Monday, but there were a few unfilled seats on Sunday for two large symphonies, the Beethoven "Eroica" and Krzysztof Penderecki's new Second Symphony. Can the Penderecki have frightened Edinburghers away? It was the last thing it was meant to do: its idiom could hardly be more ingratiatingly familiar — not the familiar Penderecki we know and have our various opinions about, however, but homely middle-European Romanticism.

Penderecki's straight-faced academic description of his symphony might have been attached to some cautious turn-of-the-century product, and it proved not to conceal anything further. There are no literal borrowings but two bars of "Silent Night," though some passages recall moments in Schoenberg's *Gurrelieder* rather closely. There is certainly something heroic about picking up an old tradition just where it left off, and Penderecki pursues a sturdy dramatic plan with transparent honesty. Little betrays its modern origin but the harmonic movement — whereas the chords are the old tonic favourites, their sequences are brutally square-toed. Orchestral tricks are conspicuously absent. One waits bemused to see how Penderecki's public will take to this unexpected *revenant*.

Mehta's "Eroica" was a brisk, sunny affair, though a mood of gentle sadness made itself felt in the *Marcia funebre*. The Finale sprang away with the stride expected of a crack orchestra, but the slower pages near the end came close to crooning sentimentality. Those who prefer the "Eroica" big-boned and majestic will have been disappointed. The unfamiliar weight, energy and definition of the lower Philharmonic strings were an incidental pleasure; the winds were unremarkably sound, though the New York horns retain that covered, attractively pastoral quality which seems to have been bred out of British horn-playing, and could still produce open brilliance when it was needed.

The Monday concert began with the Webern Six Pieces op. 6 — a fine-grained, musicianly performance in delicate tints (but with a properly shattering *Marcia funebre*), all the exposed solos accurate and alert. For Jessye Norman — whose usual ease in the upper register seemed constrained — Mehta took Mahler's Rückert *Lieder* almost as slowly as possible: affecting (if self-conscious) in "Ich bin der Welt . . .," gluey in "Liesbst du um Schönheit." Miss Norman's line was too often cut by consonants, but she seized and differentiated the dramatic mood of each song excellently. Finally Mehta led a very good Mahler First: he is still too impatient with the dreaming introduction, but he finds a wealth of telling detail in the score, and the violent peripeties of the Finale were managed with great expertise.

Morning concerts

Unbridled piano virtuosity is not to everyone's taste; still, I was shocked by the colleague who passed up Jorge Bolet's recital in the Freemasons' Hall in the belief that Bolet has only "fingers." More than his remarkable fingers, what is extraordinary about Bolet is his ear—an ear above all for the just balance of every chord (besides the digital control needed to achieve it at any speed, any dynamic level). That's no mechanical matter, for what a just balance is depends upon the musical context, and finding it wants an acute appreciation of harmonic sense and direction. On Monday Bolet again showed that in his inspired Liszt playing: gorgeous performances of the second and third Petrarch Sonnets, and a "Dante" Sonata of heaven-storming power and electrical drama.

There was a piece of pure shameless indulgence, Godowsky's transcription of Weber's "Invitation to the Dance," whch piles tune upon counter-tune with reckless exuberance—sensationally realised here—and the old Bach-Busoni Chaconne, painted in rich hues. Bolet also undertook the Brahms Variations and Fugue on a theme of Handel, op. 24, with fine imaginative restraint and not one repeat elided. The whole considerable structure was broadly laid out, with the final variations and the fugue swept up in towering excitement. A liberal helping of encores—there was a standing ovation—included an exquisitely limpid Chopin Nocturne, and delectable trivia by Liszt and Moszkowski (the tongue-in-cheek "Jongleuse").

Bolet and Cécile Ousset might both have been heard more comfortably in the larger, refurbished Queen's Hall, where on Tuesday the Alban Berg Quartet played. The Quartet delivered Mendelssohn's little variation-Andante (collected in op. 81) with tidy grace, and then presented the Gerhard Wimberger Quartet which they premièred last Saturday in Salzburg. Wimberger is a respected Salzburg musician in his late fifties; his new quartet is a single movement in many sections, involving much free-fall overlapping of parts. The effect is honest but diffuse, heavily dependent on recent texture-generating devices for some semblance of forward movement, and at a loss for striking ideas.

The major work in the Alban Berg team's concert was the A minor Quartet, op. 132, of Beethoven. Their reading rarely exceeded a domestic scale, modest in dynamic range and sparing with large gestures, though it was quietly musical and civilised. Their "Song of Thanksgiving" would have wrung no withers, though they had the interesting idea of taking its Andante sections slowly enough to suggest a sort of exhausted relief instead of resurgent energy. Their final Allegro appassionato acquired more and more speed, and even a touch of hysteria: an odd outcome for so mild and even-tempered a performance.

D.M.

Henry IV Part 2

by B. A. YOUNG

The second part of *Henry IV* at Daniel Stewart's and Melville College is as much Falstaff's play as the Plantagenets' and Alfred Marks continues to make a fine job of him, though sometimes he joins in the general race to speak the dialogue as fast as possible. The Eastcheap scenes are splendidly done. Patti Love transfigures herself as quickly from Falstaff's page to a flushed and drunken Doll Tearsheet, as if she were in some Goldoni farce; Barbara Jefford keeps Mistress Quickly as respectable as she can in the circumstances; and Mr. Marks emphasises what he had begun to show in Part I—that his Falstaff, old and fat as he is, can still rise to military occasions when he has to—as in resisting the authorities, for example.

Bernard Lloyd portrays the old King's growing weakness with subtlety, though he is unexpectedly vigorous on his death bed. I think I should have been pretty cross, too to have had the crown chucked at me, as David Rintoul's Hal does it, when he is on the verge of expressing his reformation. James Garbutt, a good Glendower in Part I, makes a dignified and humorous Lord Chief Justice in Part II.

The historical scenes look a bit thin by repertory standards, let alone by festival standards. With such quick-change abilities as the company shows, it should surely have been possible sometimes to dress the stage more richly. Henry's coronation procession, for instance, is seven-strong, including the King's three brothers, and the populace is confined to Falstaff and his three mates. All right, the story is told (and Hal acquires some true dignity for his part in it); but the emotion that ought to colour Falstaff's public degregation is missing.

However, this production is going to be seen where theatre of any kind is a rare novelty, and to take a full Shakespeare text on the road, with a company as adept as the Royal Shakespeare, is one of the justifications of subsidised theatre. The tour is also sponsored by Hallmark Cards, who may be proud of the public service they do in it.

Theater des Westens, Berlin

Kiss Me, Kate

by RONALD HOLLOWAY

West Berlin being the seventh largest convention city in the world, a musical-cabaret theatre like Karl Vibach's Theater des Westens is both a luxury and a necessity. Thus far, over the past two seasons, Mr. Vibach has given us worthy productions of *Cabaret*, *Show Boat*, and *Applause*, but his crowning glory was a poignant revival of a beloved Berlin operetta, *Wie einst in Mai*, originally composed in 1913 by Walter Kollo and later embellished by his son, Willi Kollo, in 1943.

Now he has reached for another Broadway musical: Cole Porter's *Kiss Me, Kate*, a popular musical hit in Germany almost immediately after its New York premiere in 1948. It was perhaps the Shakespearean framework that pleased audiences then, just as ballet fans were to flock later to John Cranko's *Taming of the Shrew (Der Widerspenstigen Zähmung)*, the production that was to make the Stuttgart Ballet internationally famous. But there was also another reason: Porter's dry, intellectual, European wit. He, and Thornton Wilder, were two cultural ambassadors to West Germany during the reconstruction years. Indeed, following the premiere of *Kiss Me, Kate* in Berlin in 1955, the way was opened for the American musical comedy in both the operetta and subsidised houses across Germany.

Vibach's production of the Cole Porter classic has a few blaring weaknesses. One is the horrendous problem a translator as good as Günter Neumann faces in rendering Porter's witty texts into equivalent "light-German." Another is the reduction of the gangster-scenes to B-movie clichés; the Damon Runyon flavour is entirely missing. And a third is a chorus-line to keep the tempo at an even pace throughout. All the same, the leads, Angela Müthel as Katharina and Joachim Kemmer as Petruchio, are fine actors as well as charming soloists. It's a delight to see the stately and attractive Theater des Westens packed to the rafters each evening. Next comes *Chorus Line*, a major test for Vibach.

Jessye Norman for Wigmore Hall

Soprano Jessye Norman, accompanied by Geoffrey Parsons (piano) will open the 80th anniversary season at the Wigmore Hall, Wigmore Street, London, W1, on Saturday next, August 30 with a recital of songs by Hugo Wolf and Ravel. This will be Miss Norman's first appearance at the Wigmore Hall, and it is one of the series of Master Concerts to be given during the season.

More than 400 concerts will be presented during 1980/81 at the Wigmore Hall which is administered by the Arts Council and let to concert promoters and individual artists.

Salzburg Festival—3

Ariadne: Karl Böhm

by DAVID MURRAY

Dr. Böhm is 86 this year. Luckily and quite rightly, he did not take the jubilee celebration that the Festival laid on for him last year as any kind of hint, but has returned for another five performances of Strauss's *Ariadne auf Naxos* (which he first conducted 57 years ago), an all-Mozart concert with the Vienna Philharmonic and an all-Beethoven one. I heard the latter at the beginning of last week, and a heartening affair it was.

The works were Beethoven's second and seventh symphonies. Either Böhm's beat possesses a time-defying clarity still, or the Vienna players can divine his intentions as if they were their own: in the Introduction to the Second, the tiny swirls of string scales — and their echoes in the main Allegro — were magically precise, where a suggestive blur is all we generally hear. The Larghetto unfolded in serene, divinely long lines; the Scherzo was a delicately pointed mechanism, its parts neatly separated but perfectly meshed. The final Allegro was not really "molto," and aimed at graciousness rather than wit — it was the one movement that suggested an old man's reading.

The Introduction to the seventh symphony boasted a lovely water-drop flute, and the Vivace was clean and springing. For the slow movement Böhm kept up to a genuine Allegretto, and secured gravity without ponderousness: the ground-tune stayed firm and square-cut, with all the *espressivo* in the descants that twine about it. Böhm used quadruple winds, which made for a grandiose Trio in the Presto and a quite overpowering Finale. The interesting programme notes argued that Wagner was misguided in dubbing the symphony "the apotheosis of the dance"—that it consisted rather of revolutionary marches raised to a higher power. Böhm's reading concurred resoundingly.

Having the Vienna Philharmonic to play for every opera is something that places the Festival *hors concours*. In *Ariadne* they were superb, utterly at home in the idiom; Böhm played upon them with perfect freedom, drawing rounded sonorities from the chamber-size orchestra at every level from sweet, fragile whispers to blazing effulgence. (Of the odd-instruments-out in the score, it is usually the rollicking piano one notices; here for once it was the harmonium that repeatedly caught the ear, like a hum of well-tuned bees.) Böhm's timing was smooth and unerring, and he found more real music woven into the light texture of the Prologue than almost any other conductor can do.

Dieter Dorn's production of the opera deserves an essay to itself. Its brilliant principal feature is that the opera-within-the-opera is not really "staged," either in mock-rococo or in any more sophisticated style; rather, it is presented almost impromptu, with all the marks of last-minute make-do, at one end of the *parvenu* patron's parlour. Naxos is a plain platform, with stuffed sacks for rocks and Ariadne's cave. There the competing troupes jostle each other for a share of the action, with no further décor but lengths of billowing blue silk (waved frantically by unseen hands to signal Bacchus' arrival with a sea-storm) Zerbinetta's troupe is not an arch *commedia dell'arte* team, but a sort of second-rate Viennese Crazy Gang. Amid this calculatedly simple makeshift, Hofmannsthal's original ironies emerge with a force and vividness that I have not seen matched anywhere.

Edita Gruberova's glorious Zerbinetta is very different from the Erika Köth/Reri Grist model. A big girl, comically rueful, she looks like Lynn Redgrave cutting up rather than a pretty doll. Not only is her coloratura staggeringly accurate, but every phase, roulade and trill of it is given an exact expressive sense with the help of an eyebrow, a shrug, a flap of the hand. "Grossmächtige Prinzessin" is not a cabaret act, but a personal confession. Against her is set Gundula Janowitz's Ariadne, in severe modern black, eschewing all gestures, singing with dream-like intensity and directness (no *mezza voce* shadings). Two kinds of woman, two kinds of opera; and when Ariadne is joined by James King's Bacchus, needing all his good operatic sense to cover some threadbare vocal patches, the effect is consistent and satisfactory—the amateur-theatrical manner continues, the irony is sustained.

In the Prologue Walter Berry was a sterling Music Teacher, and there was a fine, scathing Dancing Master from Horst Hiestermann. The announced Composer had suddenly fallen ill (the *plötzliche Erkrankung* is as familiar a Salzburg feature as the soufflé pudding *Nockerl*— not that I should dream of suggesting any connection), and from the excellent nymphs Dryade was hastily promoted. She was Rohangiz Yachmi, Hofmannsthal's Composer to the life: touchingly boyish, sulky, eager, vulnerable. At last in the "Musik" eulogy she ran out of voice; she took her curtain call in tears, and had to be persuaded by her colleagues to venture on again—to sympathetic cheers. The timbre of the voice is ideal, if only there proves to be enough of it on less anxious occasions, and in style she was fully worthy of this inspired *Ariadne*.

Dale Dusing and Edita Gruberova

Arts news in brief

The Servants by William Mathias is to receive its first performance on September 15 at the New Theatre, Cardiff, by the Welsh National Opera Company.

The libretto is by Iris Murdoch, based on her play *The Servants and the Snow*.

The opera was commissioned by the Welsh National Opera Company with funds provided by the Welsh Arts Council. The cast is headed by Nigel Douglas, Eiddwen Harrhy, and Phyllis Cannan, with the chorus and orchestra of the Welsh National Opera Company, conducted by Anthony Hose.

The producer is Adrian Slack and designers Patrick Robertson and Rosemary Vercoe.

★

The Arts Council has awarded its second piano technician training bursary to 31-year-old Peter Robert Lowe, of Kents Road, Stantonbury, Milton Keynes. The bursary will help to meet his living expenses while he is undergoing a year's advanced training at Steinway and Sons in London, starting this month.

The first piano technician bursary was awarded to Martin K. Locke last year and he is training at Steinway's.

The scheme is designed to alleviate the serious shortage of tuner-technicians qualified for concert work.

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The shake-out continues

NEW RECORDS for unemployment are now a regular monthly fixture in Britain's economic calendar. Yesterday's total of two million, including school-leavers, may have been the symbolic figure that Ministers had most dreaded, but they would be wrong to assume that once the storm over yesterday's figures subsides, the worst will be over in terms of political pressure against the Government's economic policies.

Cumulative

Familiarity with previously unthinkable levels of unemployment is unlikely to lead to public indifference or complacency. On the contrary, the political effects of unemployment will be cumulative as the experience of having been jobless spreads to a much larger proportion of the work-force than is suggested by the simple 7 per cent seasonally adjusted rate of unemployment. Many of those who experience unemployment for the first time will be traditional Conservative voters. Meanwhile, the psychological and financial pressure on the long-term unemployed and on the young will, of course, grow as their periods out of work lengthen.

However, the most important reason for Government concern about the level of unemployment is simply that this figure is still one of the best indicators of what is happening to the real economy.

Closures

The Government may take some comfort from the belief that redundancies represent a shake-out of labour from over-manned industries and will lead to better productivity. But the evidence from industry, and from the figures on national output, suggest that most of the unemployment is accompanied by cutbacks in production and, in many cases, permanent closures. Productivity is unlikely to start growing at anything like the rate required to bring it up to internationally competitive levels until there is a resumption in the growth of economic output.

But while productivity in British industry continues to lag behind that in other countries, unemployment will go on rising if British workers secure real pay increases, while workers in many other industrial countries are accepting cuts in their standards of living. In this sense, the Prime Minister was right yesterday to put the blame for unemployment on workers who are "pricing themselves out of the market."

What she did not admit is that the Government's own economic policies, as much as the actions of union leaders, have been responsible for thrusting British industry suddenly into an era of high labour costs, as a result of the appreciation of sterling. The combination of North Sea oil and high interest rates has closed the low-pay option which had protected British companies and workers from facing up to the facts of international competitiveness in the past.

Transformation

This is not entirely unwelcome, since one of the ultimate aims of economic policy should be to put Britain on the road to a high-wage, high-productivity economy, like that of Germany or the U.S. In the process certain labour-intensive industries, in which competition from low-wage countries is strong, are bound to be replaced by others, which require more advanced technology and a more highly-educated labour force. The Government believes that against a background of falling inflation and a strong exchange rate, market forces will enable this transformation to take place.

However, Ministers would be wrong to believe that the collapse of existing companies in what are regarded as declining industries can be viewed with indifference or even welcomed, as a sign that this economic revival is beginning. Closures and redundancies in some parts of the economy are neither sufficient nor even necessary for the generation of activity in other sectors. Indeed, the decline in profitability, demand and investment which have resulted from high interest rates and the strength of sterling have so far done more to deter the economic regeneration, than the Government's policies on competition, non-intervention and taxation have done to promote it.

So far the Government has concentrated on the negative sides of the adjustment which the British economy must undergo if it is to become internationally competitive. It may now have to do more to stimulate the development of the new industries and jobs on which Britain will have to base its economic future.

Half measures in Pretoria

MR. P. W. BOTHA, the South African Prime Minister, holds that his country must "adapt or die." His Cabinet changes are an important step on this road towards adapting to a world which no longer accepts racial discrimination as normal. History will show whether he and his country are ready to go far enough down that road: the auguries do not look favourable. Autocratic regimes have rarely succeeded in relaxing their grip: the French Revolution broke out when the *ancien regime* was letting up, not when oppression was at its worst.

Three of Mr. Botha's Cabinet appointments deserve special notice: those of General Magnus Malan to be Minister of Defence; of Dr. Gerrit Viljoen to Education; and of Dr. Dawie de Villiers to Industry.

Marxist threat

General Malan is a professional soldier who shares Mr. Botha's belief that the Republic must develop a total strategy against a threat they see coming, mainly from outside. In their eyes South Africa faces not a racial confrontation, but rather a Marxist threat. That implies a hope that the country's blacks can be rallied to a common cause with the whites.

Dr. Viljoen is one of the thinkers of the National Party, which is deeply entrenched in power, and chairman of the Broederbund, which wields great influence behind the scenes in Afrikaner society. The President's Council, a new advisory body about to replace the Senate, goes back to a suggestion of his. The purpose was to find a way to associate South Africans other than Whites, such as the Coloureds, with the political decision-making process.

Dr. De Villiers attracted public notice two years ago when he criticised the patchwork of black "homelands" set aside for the country's blacks. A Nationalist audience howled him down when he suggested that the homelands would have to be consolidated, even if it meant giving them lands settled by whites.

In the context of Afrikanerdom all three, like Mr. Botha himself, are "liberals." But the limits to liberalism are narrow: Mr. Botha has firmly rejected the idea of blacks serving on the President's Council, even though the members will be nominated, not elected, and even though the Council will be advisory only. The idea of a separate council for blacks was dropped because it became evident that no blacks of standing in their community would be ready to serve.

In other words, there is no evidence that the overwhelming, black majority is attracted to Mr. Botha's strategy. Even the reaction of the white minority remains to be seen: final power rests with the congresses of the National Party, and it has a way of shying away from reform.

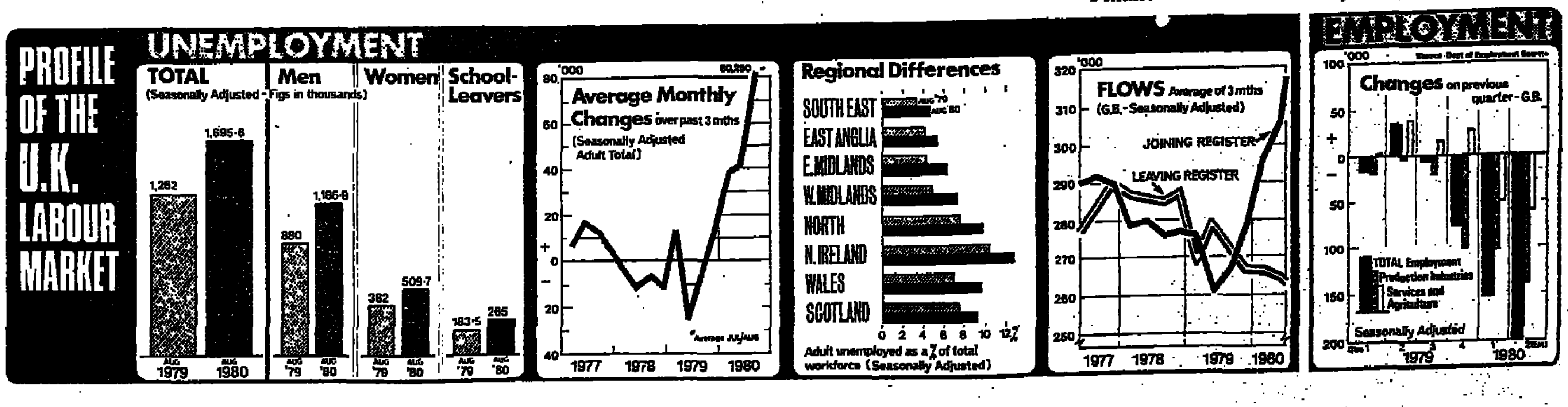
That is why Mr. Botha often bypasses normal political channels. General Malan and Dr. Viljoen are not even members of the National Party, and the Prime Minister has a habit of leaning on specialist committees rather than on Cabinet and Parliament. His situation may require tortuous tactics, but the risk is evident that, under pressure, the "liberals" will lose white support without having gained the loyalty of the blacks.

Mr. Botha still has time on his hands. The armed forces have the measure of anything their northern neighbours can muster. Within the country the security forces are in control though the level of violence is rising. One day a well organised urban guerrilla movement could prove extremely troublesome.

Prosperity

The Government's strategy makes sense if one assumes that a black middle class in a prosperous South Africa would deny the support such a guerrilla movement would need and that prosperity can spill over to the black industrial worker. The flaw in that argument is that expectations will almost certainly rise more quickly than affluence.

The judgment of history therefore is probably going to be that the total strategy was something a good deal less grand. Unless Mr. Botha produces measures far more imaginative than those we have seen so far, he will prove to have done no more than tinker with the problem.



2m jobless: the widening gap

PETER RIDDELL looks at the reality behind yesterday's unemployment figures. **LORNE BARLING** (below) reports on the effects in the city of Coventry.

THE unemployment figures are rather like a snapshot. They freeze a rapidly changing scene by showing the number of people registered as unemployed on one particular day in a month. But the figures, like a single frame in a moving picture, do not tell the whole story.

There is a widespread belief that the employment scene is somehow at a standstill like the housing market is thought to be. This is not the case. The labour market is not static. The dole queue may be lengthening but it is still moving.

There is a continual flow of people on and off the register between the monthly counts of the unemployment total. An average of 263,000 adults were leaving the register each month between May and July, only 14,000 less than at the same time a year ago. The snag is that in the same period 317,000 people a month were joining the register, 50,000 more than a year ago. It is this—rapidly growing—gap between those joining and leaving the register that accounts for the rise in the total at each monthly count.

The 2m total which grabbed yesterday's headlines is not a hard core of those permanently out of work. What is happening is that many more people are now losing their jobs and registering as unemployed and that they are having to wait longer before obtaining a new job. In time this is likely to push up the number of long-term unemployed. But at present only just over a third of those out of work have been on the register for more than six months.

None of this will, or perhaps should, reduce the social and political impact of yesterday's figures but it shows the limitations of the snapshot approach. The headline total is anyway itself a subject of controversy. Economists and politicians disagree about whether it understates or exaggerates the true figure.

The total excludes adult students looking for holiday jobs, people not claiming benefit who are seeking only part-time work, those whose work has been temporarily stopped and disabled people requiring sheltered employment. These groups total about 212,000.

More significantly, Government household surveys suggest that about 300,000 to 350,000 people are unemployed but not on the register, many of whom are probably married women seeking part-time work. If all these people are taken into account the total may already be above 2½m. In addition, the Government's various special job measures are helping to keep 222,000 people off the register.

The other side of the picture is that the total includes about 90,000 to 100,000 people with pensions from their ex-employers who are below retirement age and are not believed to be seeking work and more than 120,000 disabled people not in need of sheltered employment. In addition, attempts have been made to adjust the figures for the unemployable, those not really interested in finding work.

The only regular adjustment is for school leavers, defined as those aged under 18 without a job since leaving full-time education. This figure fluctuates sharply during the year. There is always a big bulge in the mid-summer because of the interval between youngsters leaving school and the start of the recruitment after the holidays. The peak figure of 215,400 in July last year was reduced to 31,800 by this March. This year's peak was higher at 295,500 last month; even though the figure has since dropped by 30,800 the fall during the autumn and winter may be smaller than last year.

Consequently, most policy-makers and economists concentrate on the adult total after excluding school leavers and after adjusting for seasonal variations. This now stands at just under 1.7m—434,000 higher than a year ago.

The pattern of unemployment is not uniform. There are familiar differences between regions with 12.7 per cent of the adult workforce out of work in Northern Ireland and nearly 10 per cent in northern England, Wales and Scotland but still well under 5 per cent in south-eastern England. There are also marked differences between the sexes—a male rate of 8.3 per cent and a female rate of 5.1 per cent—and between age groups with the highest concentration of unemployment among those aged under 25.

These figures are only one measure of what is happening in the labour market. The range of job opportunities is best shown by the level of vacancies notified to employment offices—currently 120,400, or well under half the total of a year ago. Since only one-third of vacancies are officially notified there may be about 300,000 to 350,000 jobs available in the economy as a whole.

These indicators are in turn a reflection of what is happening to employment as a result of the recession. Manufacturing has been under most pressure; employment in this sector has fallen by 350,000 (or 5 per cent) in the last year, roughly the same as the fall during the first year of the last cyclical downturn in 1974-75. The significant feature now is that for the first time in well over a decade employment in service industries has also started to decline this year. The result is, in the first half of 1980 total employment dropped by around 350,000, more than offsetting the rise of 250,000 which occurred in the three years to mid-1979.

These figures are paradoxical since they suggest that a hole is appearing in the labour market. This is because the population of working age is currently rising by about 200,000 a year. This increase coupled with the slow growth and recent sharp fall in employment has not been matched by an equivalent rise in unemployment. On the basis of past trends unemployment should be much higher than it is. Instead, the working population (employed plus unemployed) dropped by nearly 150,000 in the year to March.

The Department of Employment reckons that earlier retirement, particularly among men, may have been the main reason for these missing workers. It is also possible that fewer married women are seeking work since for the first time in well over a decade the number of women available for work has started to fall; in turn this may reflect a fall in service employment.

A possible implication is that people may adjust to the reduction in job opportunities and that unemployment will not rise endlessly. But no one now doubts that the UK will have to live with the economic, social and political consequences of more than 2m unemployed for the foreseeable future.

Coventry counts the cost

FOR THE first time in recent memory many skilled workers in Coventry cannot find work in manufacturing industry, an alarming indication of the severity of recession in an area which was once the very centre of Britain's engineering expertise.

What is causing so much concern in the city—and across the Midlands as a whole—is the rate at which job losses have been accelerating in the past few months. Since the start of July alone, nearly 4,000 redundancies have been announced in the Coventry area, bringing the number now out of work in the city to 24,000 or 9.9 per cent of the working population. This compares with 211,141 in the West Midlands as a whole, or 9.9 per cent of the working population.

Many companies in the long list of recent casualties have close links with the motor industry. And a significant proportion of the men being made redundant are highly skilled, men who in the past would have taken it for granted that they would not be out of work for long. Now there are almost no other jobs for them to take.

"Coventry has changed from being boom city in the 1950s to a doomed city now," says Mr. Nick Bucknal, AUEW convenor at Renold Chain which closes this week with the loss of 800 jobs. Renold, which has been hit hard by the slump in demand for BL and other British-made cars, is moving its production of timing chains to Calais.

Mr. Frank Joliffe, manager of Coventry's Job Centre, believes that the small but steadily increasing number of skilled men on his books is among the most ominmous effects of the recession. The fear is that they will soon be lost for good to an industry which will need their experience if, and when, there is an upturn.

One of the newly unemployed men is Mr. Harry Willis, a 46-year-old tool-setter who left Renold Chain this week after nearly 25 years with £5,102 redundancy pay and virtually no hope of a similar job in Coventry. His only consolation is that his 18-year-old son, an apprentice at the same plant has got a job with Dowty.

Mr. Willis has unique experience in setting tools for chain manufacturing, and if he leaves the industry that skill will be gone forever. "There is a great deal of skill in his job which can only be learnt with experience," Mr. Bucknal pointed out.

Renold Chain, or Coventry Chain Works as it is still known, was recognised as having one of the best tool rooms in Coventry, and now many of the men leaving will, if they are lucky, be going to jobs which will not use their skills adequately. They will also be paid less.

Mr. Willis does not want to leave the city: "I suppose I could get a job out of Coventry, but I'm not prepared to leave my family. I've been thinking of trying to get a shop perhaps in the food line. Everyone has to eat," he says.

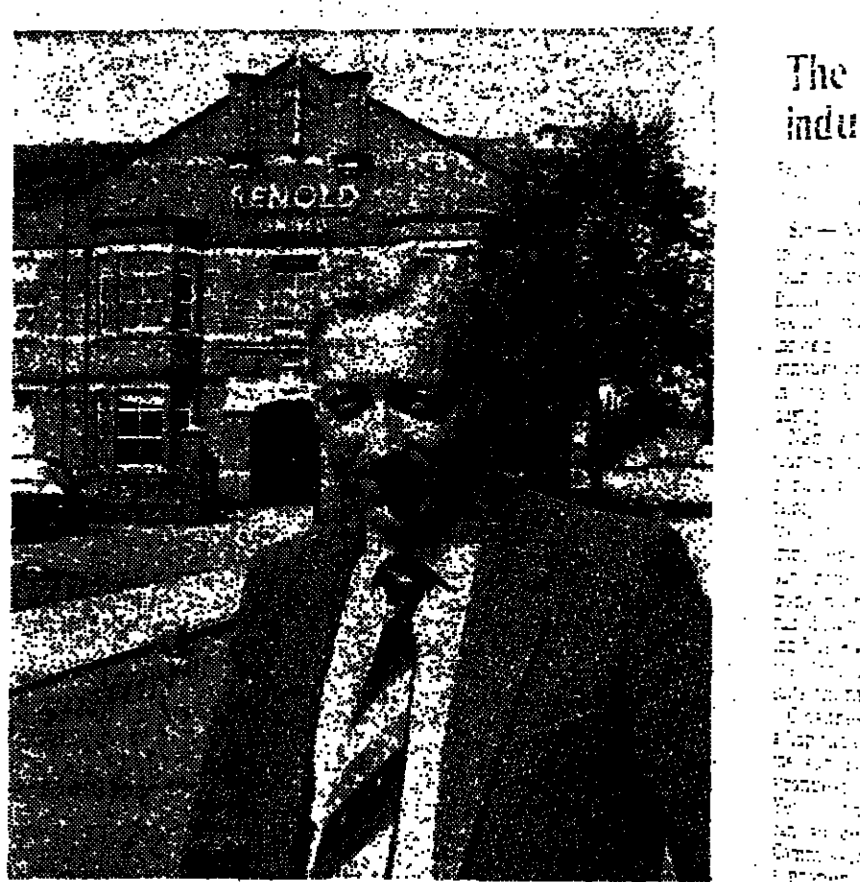
Another reason why men like Mr. Willis are unlikely to get new jobs in industry is that companies are unwilling to introduce older employees to their pension funds, since this would reduce the size of pensions available to other longer serving employees.

The only encouraging aspect of the redundancies is the help being given to apprentices in finishing their indentures. A small number of jobs have been found at Renold's Manchester plant for them and companies such as Rolls-Royce, Dunlop and Talbot have conducted interviews.

Of the 800 people leaving Renold only about 200 are expected to get jobs, a further 200 or so are likely to take early retirement, another 200 will be women, many of whom will stop working, and those over 60 are not expected to look for employment.

The decline of Coventry is seen as an inevitable progression of present trends, with only a few major companies such as GEC being able to maintain or increase the numbers they employ.

Various schemes, aimed at attracting new major industries, small businesses and foreign investments to the area have generally been unsuccessful and the Council's forecasts are bleak, suggesting a job shortfall of 25,000 over present figures by 1986.



Hugh Routledge
The face of redundancy—Mr. Harry Willis outside the Renold factory in Coventry where he worked for 25 years.

MEN AND MATTERS

A test of character

In these violent times, when the clank of a beer can on an outfielder's cranium is as much a part of the game of cricket as the crack of leather on willow, it seems timely to reflect on matches past when players and spectators seemed better able to control their ungentlemanly instincts—but not altogether.

While I hesitate to introduce even the faintest discordant note into the atmosphere of concentrated bonhomie so assiduously generated around today's England-Australian Test centenary knock-about, I have before me a most intriguing letter which indicates that even in its golden days, the sport was not entirely untarnished.

Fielded from his scrapbook by a cricketing colleague, the letter was posted some 50 years ago by the great bowler Maurice Tate, who had curious events to report from the tour of Australia.

"Well, old boy," he wrote, "you have never seen such atrocious luck as we are having. The umpiring has been abominable. Collins and Ponsford both out to me in the first couple of overs and given 'not out.' Incidentally, both made centuries.

"In Melbourne Frank Woolley was going well when given 'out' hitting the ball so hard it was heard all round the ground. Now here, in Adelaide, temperature 100 in the shade—six out for 119—and me fielding in the slips unable to bowl with an inflamed toe and the skipper with a strained muscle.

"You have to be 75 per cent better out here to beat them! But they have given us a good time. The crowds certainly have barracked me terribly. . . . In Melbourne they got so excited when I obtained a couple of wickets in one over that they pelted me with apricots."


"I can't find the minutes of the Cabinet meeting but here are this morning's papers."

Dyeing lives

Always provided, of course, that there is a British textile industry in need of his services, the aptly-named Stuart Weaving confidently expects to be the biggest names in the dyeing trade within three years. Now completing the transfer of Yorkshire Spinners' subsidiary Allen Thornton to his growing group of dyeing companies, Weaving is thriving on the adversities of the textile trade.

A dyers' labourer himself 20 years ago, this Jersey-based entrepreneur tells me he came back to the trade in 1961 when he bought the Huddersfield company managed by his brother Malcolm. "I asked him if he had had enough of playing with the Round Table and if he'd like to get down to some work. Then I bought his company," he says.

Since then, he has added a half dozen other dyers to the group and now claims to run the third-largest business in the field.

His fortune made in publishing, travel, and now with 40-odd companies under his private control, he is still expanding his textile interests. "There are some great opportunities coming up now which would not have appeared except for the recession. I am looking for another two or three businesses in dyeing and, unfortunately, I think they will come and hit us in the face."

Unkindest cut

The civilised calm of rural Berkshire has been shattered by an outbreak of barefaced if bizarre crime. Thieves are at large, reports my man on the five-bar gate, armed with mowers and malicious intent. Their target: grass.

It may seem odd to us city folk that anyone should go out of his way to filch the stuff, but it is not without precedent. For what my man guesses the purloiners are really after is good quality hay—a fair bit of which was apparently "fenced" around the shires during the 1976 drought. This year, however, with an adequate but low-grade hay crop in prospect, the thieves have caught the farming community unawares by striking at source.

So it was as much in shock as outrage that one Berkshire farmer awoke recently to find that his lush four-acre field had been cut, baled, and cleared of every blade of grass while he snatched a few hours of well-earned sleep. "It was green and wet," he ruminated hopefully, "and I expect it will rot."

About face

A man more given to painstaking development than heroic gestures, Willy Hermann won brief renown and much admiration for his nerve two years ago when he decided that Britain should have a home-grown share of the booming trade in electronic watches. In the face of fierce competition from the Far East and the U.S., his Trafalgar Watches company became the only concern in Britain manufacturing main components and complete time-pieces.

For a while his skilled marketing kept him a step or two ahead of the invading hordes from the East. But no amount of salesmanship could save him from the chain of events which followed.

It took, he recalls, less than a year for the Hong Kong competition to put the skids under his enterprise. "From the moment we bought those components we did not make ourselves to the time we sold the watches took six month," he said yesterday, "and during that time the price of Hong Kong imports fell by a half."

The first blow fell when the U.S. semiconductor manufacturers sold the necessary technology to the Crown Colony and slowly withdrew from the components business. Prices rapidly declined. Hermann pleaded with the Department of Trade. And although he was listened to with every sympathy, the Ministry said only the European Commission could apply anti-dumping measures. "Since they said a decision could take three years, I decided to cut my losses."

Committed to the customers who had depended on him since his early days, he soon discovered that orderly retreat could be neither easy nor swift. And yet he has nimbly side-stepped looming disaster, turned his business on its head and has managed to convert his losses into respectable profit.

The process, he estimates, lost him £1m over two years and cost 150 workers their jobs. Now, however, the slimmed-down company is winding up again. And even though Hermann is still completing the reorganisation, he is confident of turning over £3m this year on sales of Trafalgar quartz watches, made to his design and under his supervision . . . in Hong Kong.

Familiar ring

Heard in a Birmingham hotel bar: "Sorry I'm late, old boy—I had to phone home and listen to the wife."

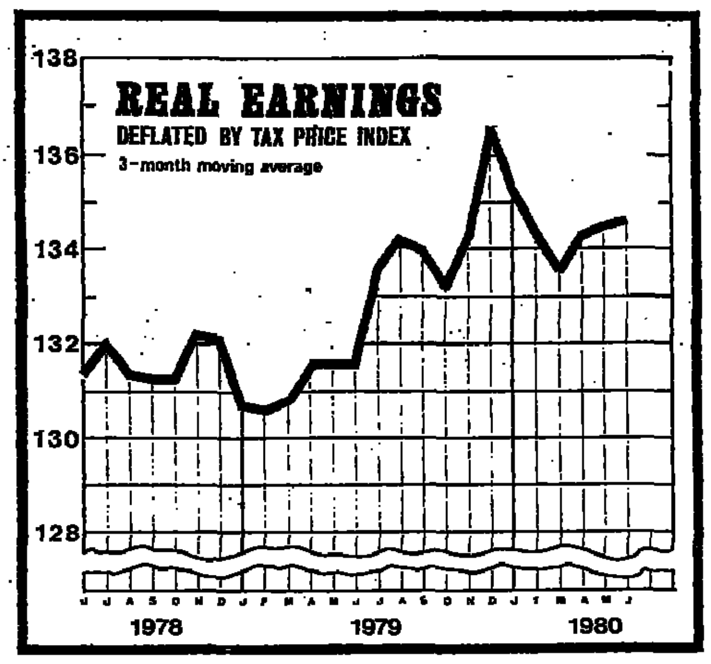
Observer

ECONOMIC VIEWPOINT

How monetary muddle damages the economy

LAST MONTH the collapse of our monetary statistics exposed the pretensions of the present monetary regime in the UK. As long as we have a central bank which insists that bank credit should be available on demand under the overdraft system, and a Government which insists that the price of credit is a matter for the Cabinet rather than the market, any attempt to control a broad measure of liquidity is largely a sham. The illusion of control may be maintained for a time through cosmetic regulations or through a drain of money through the balance of payments, but in the end the truth will out.

That truth is that any broad measure of money in this country will be dragged up, taking *one quarter with another*, by the going rate of inflation—which should not be too surprising, since under the overdraft system, as the Bank of England's own researchers have shown, more than half the growth of credit is a lagged result of rising costs. All that is happening is that true liquidity—*the right to write cheques* against overdraft facilities—is surfacing in the statistics.



Yet if the apparently ruthless monetary squeeze now appears to have been an illusion, what is causing the very real and potentially disastrous recession in the economy? One answer is that even in failing spectacularly to achieve its targets, the Government has achieved a squeeze: the growth of even the broadest measures of money is below the rate of inflation.

However, this is not very satisfactory. First, there are still probably some nasty surprises in store as the distortions in the banking system continue to unwind. Secondly, even if the figures are reliable, it is not clear how far they are a cause and how far an effect of the recession.

The answer, as every businessman knows, is more readily found in two figures which are only indirectly related to monetary growth—the level of interest rates and the level of the exchange rate. A rise in interest rates (whether or not they thus become positive in real terms) has the effect both of transferring very large sums from borrowers to lenders, and of driving up the exchange rate.

The present level of interest rates and of the exchange rate cannot be explained purely by resort to the monetary statistics. Even before they vanished into a fog of uncertainty, sterling exchange rate forecasts based on relative monetary growth, which circulate widely in the City, had proved spectacularly wrong. In a deep recession, interest rates are normally expected to fall, as was memorably demonstrated not long ago in the U.S.; yet if monetary targets are supposed to guide policy in the UK, rates here ought to rise.

The truth is rather to be found in a formula which Chancellors (and schoolboys) have repeated endlessly down the years—that high interest rates or high taxes are *alternative* ways of squeezing the economy. The gravest damage done by monetarist over-simplification in this country has been to persuade Chancellors that the fiscal balance was not a matter of crucial importance so long as the money supply was kept, supposedly, under control. In practical terms, this has meant that Chancellors have regarded long-term borrowing, in the short term at any rate, as a perfectly adequate substitute for tax revenue.

In terms of the accounting identities which are used as a substitute for economics in Whitehall, this is true—though the extension of this approach, using Government funding to offset *private* borrowing, does not work, as we are now seeing. But in terms of the real economy, the substitution is disastrous.

Monetary and fiscal squeezes may have the same effect on public sector borrowing from the banking system; but in every other respect, the effects are quite different. This can be seen in the flow of funds: a fiscal squeeze transfers funds mainly from the personal sector to the public sector, but a purely monetary squeeze transfers funds from borrowers — industry, the Government and house purchasers—to "savers"—banks, private persons and the overseas sector. A tight fiscal policy improves the current account of the balance of payments, but taking pressure off financial markets encourages capital outflows. A tight monetary policy with a loose fiscal policy leads to a weak balance of payments, but encourages capital inflows through high interest rates.

So far it is not obvious that there is any net effect on the exchange rate to be expected from this policy choice; in an ideal world the capital and current account effects might neatly offset each other. In the real world, however, exchange rates are currently dominated by capital movements, and thus by interest rates, as City traders have learned from experience. This is the result of large surplus OPEC funds seeking long-term investment, and has very little to do with North Sea oil; very much the same picture was seen in 1974-75, before the initial OPEC surpluses *were run off*. The paradox of sterling rising against a weak current account can thus in principle be explained without any reference to North Sea oil.

It is largely for this rather accidental reason that the present imbalance of policy may seem to have one advantage: because high interest rates drive up the exchange rate, they are more effective than a balanced or largely fiscal squeeze in restraining prices. However, this is an illusory advantage, for the restraint is obtained almost entirely at the expense of profit margins. The other side of this coin *is that a high-interest, low-tax régime* actually protects real wages. Inflationary price rises may be seen as a form of stress relief in the economy, devaluing the apparent rewards of labour militancy. So far as monetary policy restrains prices, it actually validates high money wages in real terms.

In this connection it is very instructive to compare the results of the present Healey-Howe squeeze—for both Chancellors, for different reasons, have pursued the same course of monetary muddle and fiscal excess — with the Jenkins squeeze of 1969 when the public sector was actually in surplus for a time. Under Jenkins inflation remained a problem, but otherwise the response was that intended. The balance of payments improved dramatically, the economy slowed down enough to secure some shake-out of surplus labour, yet slow growth was maintained. So, more importantly, was the internal balance of the economy. For example, the share of employment income in GDP at factor cost remained virtually constant at 67 per cent, and profit flows were reasonably healthy.

This time round, by contrast, the squeeze has had some effect *on inflation expectations* (though not yet on performance), but has otherwise done widespread damage. The balance of payments, despite North Sea oil, worsened dramatically, until the present slump led to some de-stocking of imports. Real wages have risen sharply, and the share of employment income in GDP rose from 68 per cent at the beginning of 1978 to no less than 73 per cent in the first quarter of this year.

A TALE OF TWO SQUEEZES: Mr. Roy Jenkins, and (right) Sir Geoffrey Howe.

A large price adjustment—and consequently a secondary burst of inflation — will be needed to restore profitability to a level at which there is any *hope of the* entrepreneurial growth which the Government professes to hold as its most treasured objective. And it is worth noting that had monetary policy met its targets, against the same fiscal background, all this grave damage would have been redoubled.

What can be done to reduce *these effects before the damage* becomes irreversible? The fashionable nostrum of the moment is to reduce the harm done by Government funding by transferring the marketing effort from the long-term capital markets to the retail savings market. This could undoubtedly help in two respects: by shifting part of the burden from manufacturing industry to the house market, which has greater powers of survival; and by enabling the authorities to devise borrowing instruments with a purely domestic appeal, thus taking some pressure off the exchange rate.

However, the solution hardly measures up to the scale of the problem; nothing is likely to go right as long as the fiscal balance is so drastically wrong. We are suffering because the Government's tax-cutting objectives are, for the time being, inconsistent with its monetary objectives.

The case for higher taxes does not rest *only* on the urgent need to get interest rates down; it is also related to North Sea oil. The implication of North Sea oil for the exchange rate is not mysterious, as ministers seem to suppose. It arises from the fact that the improvement in our oil account implies a deterioration in the non-oil account. The exchange rate appropriate for our trading circumstances will be the one which depresses non-oil exports and raises imports enough to reach a new balance.

If North Sea oil were everlasting, we might accept this substitution fairly passively, *though even so there would be* a strong case for dampening the effect over a period of years, enabling industrial activity in the UK to adapt rather than collapse; in other words, policy should aim for a strong current account in the early years. Since North Sea oil is exhaustible, and thus a form of capital, strategy calls for a strong current account as long as the oil lasts.

There is, therefore, a strong strategic reason for a much tighter fiscal policy, as well as a tactical one. The Government's instincts will no doubt call for yet another round of spending cuts; but in the short run *this will simply transfer* labour from the public payroll to the dole, at little net saving. There is no realistic alternative to higher taxes, assisted perhaps by an effort to cut the fastest-growing category of Government spending—debt service. This means exploring oil bonds, indexed bonds and the other *devices, dismissed by the* Governor of the Bank of England as "imaginative."

The monetary authorities, meanwhile, should be fully occupied in devising reforms which will base future monetary policy on controlling a measure which has a better relation to events in the real economy, and *which is actually susceptible to* control, without cutting off industry's supply of long-term capital.

Anthony Harris

Letters to the Editor

The textile industry

From the Chairman, C. and J. Hirst and Sons

Sir,—As could have happened on almost any day this year, your report of the proposed Dutch Government aid for its textile industry (August 22) coincided with yet another announcement of redundancies in the UK woollen textile industry.

Napoleon is reputed to have taunted the British with being a nation of shopkeepers; certainly we now seem to be on the way to becoming a nation of importers. Yet, as others in our trade have been saying for many months, even years, if we run down our own manufacturing base we are at the mercy of the foreign suppliers when it suits them to alter their terms.

Closures have taken place on a haphazard basis, with some of the survivors not obviously the strongest or the most efficient. Yet if the Dutch Government can succeed in persuading the Commission that its proposal is a proper exception to the prohibition on state aids written in the Treaty of Rome, surely the British Government should not be slow to devise its own scheme.

The textile industry does not claim special protection from imports; it only asks that it should have a secure base to serve the spirit of enterprise and determination which, in spite of all attempts at *discouragement*, does still exist at all levels.

Eric H. Dodson.
P.O. Box A5,
Sunnybank Mills,
Longwood, Huddersfield.

World trade in computers

From the Director, Corporate Communication International Computers

Sir,—Philip Dorn (August 20) seeks to decoy your readers by missing several key points of the current discussion on world trade in computers.

My description of the United States market and its protective mechanism referred to the public sector procurement policies of the U.S. Federal and state administrations. Mr. Dorn must have heard of the Buy America Act which is efficiently and quite legitimately used by the U.S. institutions. It was invoked against ICL only last month.

The companies he refers to and all others trading in the United States have managed to obtain 3 per cent of this public sector market, and *they are* not the homogeneous successful group implied in his letter. The Japanese companies mentioned participate in a £1bn support programme in Japan.

Mr. Dorn is welcome to our copies of American publications listing U.S. Government contracts for research and development to computer companies. He needs only to use the U.S. Freedom of Information Act to see the scale of Department of Defence spending in this regard.

His pointer to IBM's spending on research and development is made without reference. Of course *high* technology companies, including ICL, spend on research and development—that is how we compete. ICL is not scared of open tenders—our worldwide business with the exception of the 5 per cent covered by the existing U.K. Government procurement policy is all won in open competition.

I am sorry to have pricked Mr. Dorn into defending the undefendable but simply by saying that these conditions do not exist, he clearly suffers from a lack of information.

ICL is busy demolishing myths and sometimes the reality is wounding to the *status quo*. Nevertheless, if real free trade is to eventuate, exposure of distorted markets must continue.

Alan A. Benjamin,
International Computers.
Bridge House,
Putney Bridge, SW6.

Democratic convention

From the Senior Vice-President, Peter D. Hart Research Associates

Sir,—As a representative of the Kennedy campaign on the podium at the Democratic national convention, may I comment on your correspondent's assertion that the convention's chairman, Speaker Tip O'Neill, showed "a cavalier disregard for parliamentary procedure" although I gather that in some editions the report said the compromise was "rammed through the convention"?

I am not aware of a single *instance* during the convention when the Speaker disregarded parliamentary procedure. The use of voice votes to decide issues is *entirely* proper in the absence of demands for a division of the house or a roll call. On none of the voice votes during the convention was such a demand made by any delegate.

I believe that both the Carter and the Kennedy campaigns were entirely satisfied with Speaker O'Neill's performance as chairman. He was completely fair to both sides. He worked hard behind the scenes and on the podium, to see that all points of view were expressed and that the convention proceeded smoothly. Anyone who is aware of the chaos that can result in a parliamentary body from the actions of an incompetent or indecisive chairman will appreciate the first-rate work turned in by Speaker O'Neill.

Michael Barone,
Peter D. Hart Research Associates, Inc.
1724 Connecticut Avenue, NW, Washington, DC, 20009, U.S.A.

Saving the silver

From the Managing Director, Photographic Silver Recovery.

Sir, — You reported (August 12) that Ilford had made a discovery affecting the use of silver in black and white film. Since it concerns my company, a number of people have spoken to me about it in terms that indicate that they have completely misunderstood the nature of the development. May I try to clarify it?

During processing of all films, including this new development, a negative image is formed and is composed of silver, the surplus silver being removed in the fixing bath. In colour films, this silver image is removed at a later stage enabling all the silver in the original film to be recovered at the processing stage, the final image being composed of dyes.

Silver remaining in conventional black and white negatives or X-ray plates can only be recycled if and when they are sold to an organisation specialising in the techniques required. Most snapshot negatives are in the end just thrown away so that the silver is lost.

In Ilford's new film, the final black and white image is composed of dyes rather than silver so that — as with colour film — all the silver in the original film can be recovered in the processing. Thus the description of the new film as "silverless" applies to the final image and not to the original film. The need for efficient silver recovery is thus increased.

G. C. Farmer.
Delamare Road, Cheshunt, Waltham Cross, Herts.

Accounting for closures

From Mr. E. Whiting.

Sir, — Your columns have lately been full of news of plant closures and redundancy. I have the feeling that closure has become something of a fashion, *judging by the reasons, or* absence of reasons, contained in your reports.

In many cases no doubt there may be no reasonable prospect, even on the most optimistic assumptions, of the plant or division concerned ever making a positive contribution to the group. It is right then that it should be closed. But the assumptions of one company's management are coloured by the assumptions of others, so that depression becomes the general view. Redundancy is not so unthinkable when everybody is doing it.

My suspicions about the rationale behind some closures are particularly aroused when the reason given is "continuing lossess" or "high raw material costs." Bowater is reported to have said that it would lose at least £6m before tax at Ellesmere Port in the current year and blamed the closure on high wood and energy costs. The real reasoning behind Bowater's decision may have been very sound. One hopes that it did not decide to close a modern plant, unlikely to be overtaken by new technology, on the strength of one or two year's profit and loss accounts and high input costs which could well be temporary.

Generally the profit shown for a division in the management accounts of a company is of limited relevance to any decision to close that division or part of it. The closure of Bowater's Ellesmere Port paper mill will certainly not save £6m a year—if that is the loss shown in the divisional accounts.

Apart from the expenses of closure, of which redundancy may be only a part, there may be head office overheads and other fixed expenses against the plant profits which will not be saved. The profitability of other divisions may be affected by loss of input (perhaps at a favourable transfer price) from the closed plant. Depreciation, whether on a historic cost or current cost basis, becomes irrelevant if the plant would normally not be replaced in the foreseeable future. What matters is what the plant can be sold for in case of closure.

Where redundancies are the result of partial closure one wonders whether management takes into account the cost of employing people again when business picks up. The training and experience vested in existing employees may not easily be replaced.

Many managers with experience of closures and cutbacks have said that the savings are not as much as expected or take so long to achieve that, when they do happen, the situation requiring the cuts has completely changed.

Research by Mr. David Spurrell into the performance of some engineering companies *led him to the* conclusion that the poor results were partly due to too much emphasis being placed on discontinuing loss-making products and operations without regard to the overall effect on the company and its markets. This was in contrast to the situation in Japan and Germany, where long-term plans *are not so easily sacrificed to* short-term profitability.

In our research into the effects of inflation we have found that the planning horizons of UK companies have been shortened, many looking effectively no more than one or two years ahead. The absence of a long-term view makes way for a pragmatic approach where policy is decided on short-term profit criteria. Boards of directors and management are likely to concentrate more on the detailed monthly or quarterly management accounts (as appears to be the case with British Steel Corporation closures) and to demand action on divisions showing a loss. Speed may be considered of the essence, remembering that action in 1974-1975 was sometimes too late. This time unnecessary or premature closure may be regarded as preferable to being caught in a cash squeeze.

Perhaps the trouble is that many management accounts are almost too good. They come out regularly and promptly and show what activities are profitable and what are not, on certain conventions. Basically prepared for control, they are used conveniently, and wrongly, for strategic decision making. *This is certainly not the case in* all companies, but many managements do have a blind faith in the accounting numbers put before them, not appreciating the golden maxim that "there are different costs for different purposes."

In spite of the apparent urgency, the full financial effects of closure and redundancy ought to be thoroughly examined and analysed before any decision is made. It should not be based just on the historic profits and losses shown by divisional accounting.

Long-term forecasting and planning have become unfashionable to an extent not known for at least 20 years. The pendulum may now have swung too far against the long-term view. Excessive closure and redundancy could be one of the consequences.

Edwin Whiting
(Lecturer in Management Control),
Manchester Business School,
Booth Street West, Manchester.

Today's events

GENERAL

UK: Financial Times conference on Aerospace into the Eighties and Beyond, final day—speakers include Sir Henry Marking, British Tourist Authority chairman; Mr. Samuel N. McDonnell, McDonnell Douglas Corporation president; Mr. Robert S. Carlson, Pratt and Whitney Aircraft Group president; Dr. Edward Spry, International Air Transport Association industry research director; and Mr. Norman Payne, British Airports Authority chairman.

International Motor Cycle Show continues, Earls Court (until August 30).

Overseas: National People's Congress standing committee meets, Peking, preparatory to main Congress meeting on Saturday, August 30.

International Sports Equipment Exhibition opens, Munich.

SPORT

Cricket: Cornhill Insurance Centenary Test — England v Australia, at Lord's (until September 2).

OFFICIAL STATISTICS

Department of Energy gives details of energy trends.

COMPANY MEETINGS

George Bassett, Livesey Street, Owlerton, Sheffield, 3.30. Cawoods Southlands, Ripon Road, Harrogate, 12. Cocksedge, Greyfriars Road, Ipswich, 12. Coghlans, Hunslet Forge, Leeds, 2.30. Gresham House Estate, 24, Austin Friars, EC, 10.30. Gresham Investment Trust, Barrington House, Gresham Street, 12. Grovebell, Winchester House, 77, London Wall, EC, 12. Hollis Brothers, Howard Hotel, Temple Place, WC, 12. Initial Services, Connaught Rooms, Great Queen Street, WC, 12.15. A. Monk, Green Lane, Dadgate, Warrington, 3. Negretti and Zambra, Winchester House, 100, Old Broad Street, EC, 12. Phillips Patents, Grand Hotel, Aytoun Street, Manchester, 12. Redland, Plaisterers Hall, 1, London Wall, EC, 12.15. Vinten Group, Angel Hotel, Bury St. Edmunds, 12.

COMPANY RESULTS

Final dividends: Commercial Bank of Australia. Erskine House Investments. Somportex. Stoddard Holdings. **Interim dividends:** Fife Forge. Hill and Smith. Imperial Chemical Industries. Kode International. Mixconcrete (Holdings). H. and J. Quick. Refuge Assurance. Scottish Agricultural Industries. Sharpe and Fisher.

Ladbroke falls to £14m but increases interim

DESPITE a 61 per cent increase to £11m in the profits of its non-casino businesses, the pre-tax surplus of Ladbroke Group fell back to £14.07m in the 26 weeks to July 1, 1980, compared with £16.69m.

Mr. Cyril Stein, chairman, points out that turnover is at its highest in the second half, adding: "We believe the good trading results for the first half of the year will be maintained."

The interim dividend is lifted from 5.7p to 6.555p net—a total of 11.75p was paid for the whole of 1979 from taxable profits of £49.19m (£41.45m).

Turnover in the first half rose to £322.52m (£257.25m) of which the non-casino interests contributed £314m (£240m).

The pre-tax surplus includes profits of £2.9m from casino, social club and lottery businesses and £0.6m in respect of the collection of uncleared cheques issued by casino clients prior to October 31, 1979.

Tax takes £5.33m (£6.32m) and after minority losses of £0.33m (£0.19m) and an extraordinary gain last time of £1.03m, the available surplus emerges at £9.07m (£11.59m). Earnings per share are shown as 15.8p (18.4p).

The directors state that the Gaming Board has now confirmed certificates of consent to transfer licences to the purchasers of three casinos and consent is awaited for four more. Negotiations for the sale of the remaining four casinos and the London casino assets are continuing.

A new hotel has been opened at Bracknell during August and another will be opened at Leyland, Lancs., in September. Two more will open in Warwick and Edinburgh in the spring and summer of 1981.

Lex, Back Page

HIGHLIGHTS

Among some of the major companies reporting yesterday, **Blue Circle** created something of a stir by accompanying the announcement of its 66 per cent interim pre-tax advance with a £47m cash call through a one-for-five rights issue. Lex also considers **Ladbroke** which reported a £2.62m interim shortfall before tax at £14.1m, but the non-casino side achieved 61 per cent growth at £11m. **Associated Dairies** confirmed its growth status with a strong rise to almost £50m pre-tax last year. Lex looks at the yield and the demanding price multiples attained by the successful food retailers before going on to trail a coat over the second-quarter results due from **ICI** today. The scene was set badly by the group's 600 redundancies in the soda ash division and the German majors, notably **Bayer AG**, have underlined the chemical industry's difficulties in the April-June period this year.

Thomas Robinson falls to £21,000 at midterm

FIRST HALF 1980 profits of **Thomas Robinson & Son** came under pressure from rising costs which eroded margins and increased manufacturing costs—arising from the engineering and steel strike and not recovered in selling prices. For the six months, the taxable surplus, of this engine and machine maker, showed a £155,000 decline at £21,000.

Turnover for the period rose from £3.65m to £3.9m. There was no tax charge, against £91,000 last time, and the net interim dividend is raised from 0.8232p to 1p. The directors say the increase in dividend should not be taken as indicative of the final but the total distribution should be satisfactory. Last year's total payment was 4.8232p from profits of £1.2m.

The directors report that the current order book is below the level of previous years but a satisfactory level of production is assured to at least the end of year.

Some progress has been made to settling the escalation and other outstanding problems in respect of the company's Iran contract, but events over the last few months have delayed progress towards a final settlement being achieved in the near future.

Labour problems associated with the plant installation of a major cereal milling contract in the Republic of Ireland have caused considerable delays in completion and resulted in significant additional cost. It is expected that this contract will be completed prior to end of this year.

Assoc. Dairies nears £50m

TAXABLE profits of supermarket group Associated Dairies rose in the 53 weeks to May 3 last to £49.98m, compared with £41m for the previous 52 weeks. The surplus was struck after charging depreciation of £9.5m against £7.3m.

At midway, pre-tax profits were up from £15m to £22.5m and the directors looked forward to another record year.

Turnover for the 53 weeks showed a rise from £791m to £999m. After a tax charge little-changed at £17.4m (£17.54m), minorities of £5,000 (£4,000) and an extraordinary credit of £60,000 (£800,000 charge) attributable profit came out at £32.6m (£19.9m).

A final dividend of 2.25p makes a total of 4.25p net, compared with an effective 3.34p after allowing for the one-for-two scrip issue.

There is a further scrip issue on a one-for-three basis.

Earnings per 25p share are given as 18.02p (12.27p) and 12.32p (8.86p) after full provision for deferred tax.

Lex, Back Page

Financial results from companies registered in the Republic of Ireland will be covered on the UK Company News pages as from today.

The change is in line with the Stock Exchange Council's recent decision to treat Irish companies as domestic securities for the purposes of the new rules on dealings in international securities.

Burroughs Machines advances

INCLUDING EXCHANGE gains of £1.43m against £0.84m, pre-tax profits of **Burroughs Machines** went ahead from £11.58m to £12.09m in the six months to May 25, 1980.

Turnover of the company, which is a wholly-owned subsidiary of Burroughs Corporation of the U.S., rose from £59.59m to £70.57m.

SSAP 15 has been adopted and tax takes £3.26m compared with an adjusted £654,000.

Main activities of the company, which produced pre-tax profits of £26.42m in the last full year, comprise the design, manufacture and marketing of data processing and storage machinery.

Royal Worcester held to £1.5m at half time

FROM sales of £22.4m against £19.42m, profits before tax of Royal Worcester were steady at £1.49m in the first half to June 28, 1980, compared with £1.44m in the same period last year.

The 1979 figures exclude Barthmann Cristall, the loss-making subsidiary of Royal Worcester Spode manufacturing glassware in Germany, which has been sold with effect from January 1.

The subsidiary was sold for the equivalent of £500,000 including inter-company indebtedness settlement of £360,000. A capital loss not exceeding £450,000 is entailed and on completion group borrowings will be reduced by some £900,000, the directors report.

Tax charge in the first half is £400,000 (£252,000) with earnings per share stated as 16.6p against 18.3p. The interim dividend is maintained at 2.9p—last year's total was 8.6p on pre-tax profits of £3.6m.

Contributions to sales and operating profit—£2.09m (£1.91m)—show Royal Worcester Spode £11.28m (£10.26m) and £794,000 (£707,000), Royal Worcester Industrial Ceramics, £1.27m (£1.17m) and £269,000 (£270,000) and Welwyn Electric, £9.85m (£7.98m) and £1.04m (£931,000).

● comment

Given Spode's pronounced seasonal weighting, Royal Worcester clearly faces a difficult second half. Tableware margins strengthened a fraction in the first six months to 7.04 per cent but the group now says that the stock position is tightening and Spode is fighting hard to retain margins. The industrial ceramics division offers by far the best level of profitability but margins here are down by almost two points and Royal Worcester is not overtly optimistic about the chances of exceeding the level of profits in the strike affected second half last time. Much buying attention has focused recently on the electronic components manufacturing and distribution division but, here too, margins have fallen by a point and growth has slowed markedly. Profits may thus have to run hard to match last year's £4.7m pre-tax total but at least gearing should fall by the year end with the proceeds of the German glassware disposal. The shares came back by 10p yesterday from the annual peak of 330p for an historic yield of just 3.9 per cent and a fully taxed p/e of 9.4. Yet there is little cause to sell now that the short-term prospects are obviously less attractive. The mid-term arguments for a well-balanced spread of strong cash-flow businesses are no less urgent than they were a year ago.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Dairies	3.25	—	2.87*	4.25	3.34*
Blue Circle int.	5	Oct. 20	3.8	—§	12.5
Brown Brothers	1.1	Jan. 2	0.87	2.1	1.4
Cement-Roadstone int.	2.1	Oct. 4	1.82	—	4.62
Ladbroke Group int.	6.56	—	5.7	—	11.75
Mountleigh Group	3	Nov. 3	1.44	3	1.44
Pearl Assurance int.	7†	Oct. 10	5	—	17
Thomas Robinson int.	1	Oct. 8	0.82	—	4.82
Rotork int.	1.1	Oct. 31	1	—	2
Royal Worcester int.	2.9	Nov. 3	2.9	—	8.6
Slough Estates int.	1.1	Oct. 13	0.9	—	2.3
Sunbeam Wolsey int.	Nil	—	1	—	4
Victor Products	2.75	Oct. 8	3	4.25	3.74

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increase to reduce disparity between interim and final. § Final or 10p forecast.

Johnson Matthey profits jump to over £10m in first quarter

FIRST quarter pre-tax profits of Johnson Matthey and Co., precious metal refiner, banker and chemical manufacturer, for 1980-81, jumped to £10.22m compared with £5.66m. Invoiced sales, excluding Johnson Matthey Bankers, totalled £221.54m for the period to June 30, against £163.77m.

For the whole of the 1979-80 year profits were a record £38.61m (£21.58m) and adjusted for a one-for-one scrip the dividend paid was 7.5p net.

Pre-tax figure for three months was struck after depreciation of £1.44m (£1.18m) and interest £2.65m (£1.36m).

After tax of £3.34m (£2.38m), an exceptional credit, last time, of £15.99m—deferred tax write-back—exchange loss of £191,000 (£1.05m), and minorities of £15,000 (£14,000), the attributable balance came through at £6.68m compared with £18.21m.

The amount retained was £6.68m (£2.22m) after the exceptional credit of £15.99m for 1978-79 was transferred to reserves.

As at June 30, earnings per £1 share are shown as well up at 51.8p (24.6p).

Shareholders' funds amounted to £206.2m against £127.2m, loans were £43.59m (£46.33m) and base stocks amounted to £69m (£28.1m). Precious metal stocks are valued at base prices plus attributable tax. If market prices had been used, the balance-sheet amount would have been higher by £76.71m (£52.85m).

● comment

The 81 per cent profit surge by Johnson Matthey in the first quarter is a continuation of the surge triggered by the frenzy in bullion markets in the second half of last year. The gain is broadly based although bullion dealing quietened down during the quarter and colours and transfers suffered from the recession in the ceramics and plastics industries. The jewellery industry remains depressed but industrial demand for metals is showing slight signs of improvement. Net borrowings dropped £38m in the quarter and stand at a modest 21 per cent of shareholders' funds, including the premium on metal stocks over base prices. The second quarter is normally quiet and may not sustain the exciting growth rate of the past three quarters. At 210p, ex dividend, up 4p, the shares trade at less than six times fully taxed historic earnings.

Rosehaugh links with BR in new freight venture

Rosehaugh, the tea company shell which has been transformed into a significant property trading vehicle by Mr. Godfrey Bradman, yesterday unveiled a new property venture and important increases in its borrowing powers.

The property venture is an agreement between British Rail Property Board and Garonor Developments (UK), a new 93 per cent owned subsidiary of Rosehaugh, to develop "an advanced road/rail freight complex on a strategic site in Leeds."

Garonor is planning a network of these complexes over a period of years.

The anouncement of the new development formed part of Mr. Bradman's annual statement as chairman in the report and accounts published yesterday.

It accompanied a circular to shareholders recommending that the articles of association be changed to increase borrowing powers from three to five times capital and reserves.

Total net borrowings in the last balance sheet were £4.2m. The new powers, if approved, would raise the limit to £28.4m at present on shareholders funds of £5.68m.

Earlier this year Tolverne Investment, a newly established 52 per cent-owned company, announced that it had bought for £17.3m the portfolio of commercial properties inherited by a group of institutions (including the pension funds of the coal/electricity boards and Unilever) following the property collapse of 1974.

Mr. Bradman now says that Tolverne has made "excellent progress" in disposing of some properties and restructuring the rest of the portfolio which is held as trading stock. Tolverne accounts for £14.5m of group turnover of £19.4m.

As already reported, profits before tax rose to £3m from £1.7m and the dividend has been lifted from 0.28p to 2.1p net to reflect the transformation of the group over the past two years.

The five-year figures show that net assets per share, which stood at 12.8p in June 1977, rose to 73.85p by June 1979 and by last June were stated at 110.18p. Earnings per share, which were only 4p by 1978 were 37.53p last year.

Pearl Assurance lifts profit 50% to £4.5m in first half

IMPROVED NEW life and pensions business in the first six months of 1980, coupled with a better general branch underwriting position, resulted in stockholders' profit of Pearl Assurance Company rising by nearly 50 per cent from £3.05m to £4.49m

The interim dividend is lifted from 5p to 7p, a 40 per cent rise, to reduce the disparity between interim and final. The company warns that stockholders should not expect a similar percentage increase in the final dividend—the total last year was 17p.

New annual premiums in the ordinary branch rose by nearly 20 per cent from £5.9m to £7m, with self-employed pension business being particularly buoyant, following Pearl's TV advertising campaign in the spring. This accounted for £700,000 of the increase in annual premiums, with new annuity amounts improving by over 50 per cent from £11.3m to £17.10m.

New life business rose in the ordinary branch, but the main improvement in life business came from the industrial branch where new annual premiums showed a true growth, ignoring increases arising from tax changes, of 24 per cent from £11.5m to £14.2m. Unit-linked business, however, declined from last year's record levels—new annual premiums being one-third lower at £1.4m against £2.1m and single premiums cut to £4m against £8.34m.

The stockholders proportion of life business surplus, from both branches, was lifted by 20 per cent from £3.15m to £3.77m.

Underwriting losses in the general branch were marginally higher over the period at £3.03m against £3m, despite a noticeable improvement in UK motor and property accounts. The motor account, after a profit in the second quarter, cut its losses over the period from £620,000 to £450,000, while a reduced loss in the second quarter saw the underwriting deficit on property business fall from £2.15m to £1.87m.

The company still considers the underwriting situation to be disappointing, with a significant improvement in claims experience being offset by a rise in expenses. However, a rise of one-third in the investment income from £2.06m to £2.71m trimmed the loss in the general branch from £940,000 to £320,000.

A boost to stockholders profits came from a 25 per cent rise in investment income, less tax, on stockholder funds.

RESULTS AND ACCOUNTS IN BRIEF

RADIANT METAL FINISHING COMPANY—Results for year to February 29, 1980, already known. Shareholders' funds £731,888 (£628,684); debtors and prepayments £124,550 (£107,875). The chairman says general economic conditions have had an effect on company's business, and while every effort is being made to combat this trend, it may not be able to maintain the same level of turnover and profit of the past year. Meeting, Fairfield Road, Bow, E, September 12, 10.30 am.

BRADY INDUSTRIES (door making and engineering, merchanting, graphics and transport)—Results for year ended March 31, 1980, reported July 30. Shareholders' funds £6.5m (£6.13m), loan capital £1.01m (£1.06m). Bank loans and overdrafts £314,436 (£791,064). Cash £154,984 (£31,020). Meeting, Manchester, September 18, noon.

STEWART NAIRN GROUP (hosiery and knitwear)—Results for year ended March 31, 1980, reported August 21. Shareholders' funds £589,635 (£547,894). Bank overdraft (secured) £178,605 (£78,079), bank loan (secured £120,000 (£109,000). Meeting, Winchester House, EC, September 18, 12.15 pm.

ASSOCIATED TOOLING INDUSTRIES—Results for year ended February 29, 1980, already known. Shareholders' funds £907,784 (£833,710). Short-term deposits nil (£315,938), bank and cash balances £3,688 (£17,973). Chairman says that although economic recession has affected profitability of one subsidiary, overall profits for first half of current year should be similar to last time. Meeting, The Institute of Directors, SW, September 15, noon.

BROMSGROVE CASTING AND MACHINING (aluminium castings)—Results for year ended March 31, 1980, already known. Shareholders' funds £710 640 (£818,551). Cash £56,493 (£146,360). Chairman says company is making progress towards maximising its capacity, particularly with a new customer who markets a product which Board considers to be one of the greatest developments for the future. Meeting, Bromsgrove, September 16, noon.

GORDON AND GOTCH HOLDINGS (magazine and book export, computer services)—Results for the year ended March 31, 1980, reported July 25 with prospects. On CCA basis, pre-tax profits £1.07m (£0.76m) against historical £1.23m (£0.83m). Shareholders' funds £5.24m (£4.96m). Bank overdrafts £43,937 (£252,306). Meeting, St. Bride Street, EC, September 25, noon.

GROUP INVESTORS (investment trust)—Results for year ended June 30, 1980, already known. Listed investments in UK £4.72m (£5.11m), abroad £3.1m (£2.48m); unlisted in UK £328,298 (£221,511), abroad £55,131 (nil). Total loan capital £0.77m (£1.88m). Meeting, 2 St. Mary Axe, EC, September 16, 12.30 pm.

G. H. DOWNING AND CO. (building materials, refractories and electrical engineering)—Results for year ended March 31, 1980, reported July 10. Shareholders' funds £12.06m (£11.54m). Bank loans £1.78m (£1.45m). Chairman says company is as well equipped as any of its competitors to face the difficult times ahead for all its trading divisions. Meeting, Stoke-on-Trent, September 16, 12.15 pm.

GRAIG SHIPPING COMPANY—Results for year ended March 31, 1980, reported July 17. Shareholders' funds £7.65m (£7.32m). Secured loans £2.32m (£6.38m). Bank deposit nil (£2.19m), short-term deposits £1.67m (£115,000). Current portion of loans (secured) £1.44m (£1.68m). Capital commitments nil (£5.28m). At July 21, Idwal Williams and Co. held 49.08 per cent of issued voting capital. Meeting, Cardiff, September 12, noon.

NEW COURT NATURAL RESOURCES (oil and gas operations)—Results for year ended March 31, 1980, reported July 11. Shareholders' funds £5.64m (£5.08m). Loans £705,000 (£1.99m). Bank balances and certificates of deposits £5.44m (£3.06m). Bank overdraft £3,000 (£571,000). Valuation of oil and gas interests, as at March 31, showed US$7.73m surplus over book value. Rothschild Investment Trust held 20.1 per cent of equity at year-end. Meeting, St. Swithin's Lane, EC, September 16, 3 pm.

SMITH WHITWORTH (textile machinery, steel fabrications and plastic products)—Results for the year to March 31, 1980 reported August 7 with chairman's observations on prospects. Group fixed assets £832,460 (£427,898). Net current assets £269,821 (£333,863). Meeting, Rochdale, September 19 at 11 am.

KEEP INVESTMENT TRUST—Results for the company's initial six months to June 30, 1980: Pre-tax revenue £37,097: tax £18,888. Stated earnings per 5p share, 0.0018431p. Interim dividend, 0.0015p.

GRAND PIER (amusements, automatic machines, hotel operating)—Results for year ended March 31, 1980, already known. Shareholders' funds £926,718 (£819,639). Bank balances and cash £216,627 (£193,882). Meeting, Weston-super-Mare, September 18, noon.

UNITED DOMINIONS TRUST (international banking, financial services)—Results for year ended June 30, 1980, reported August 14 in preliminary statement with prospects. Stockholders' funds £78.8m (£73.8m). Deposit, current and other accounts £786.4m £785.3m). Cash and short-term funds £212.8m (£154.2m). Customers' and other accounts £675.9m (£689.7m). Increase in cash and other liquid assets £52.6m (£12m). Funds employed £871.4m (£890.5m)—UK 82 per cent (73 per cent). As at July 22, Eagle Star held 10 per cent of equity; Prudential Assurance 26.39 per cent. The 10 per cent fourth convertible cumulative preference stock is held by the Prudential Assurance (84 per cent) and Eagle Star (16 per cent). Meeting, 14 St. Mary Axe, EC, September 22, noon.

MORAN TEA HOLDINGS—Results for 1979 already known. Shareholders' funds £1.77m (£1.81m). Bank loan and overdraft (secured) £1.76m (£1.73m). Chairman says current prospects are an improvement, compared with 1979, and crop so far is up by 48 per cent, although quality is not as high. Meeting, High Timber Street, E.C., September 18, noon.

DOWTY GROUP (aerospace, mining, industrial)—Results for year to March 31, 1980, already known. Shareholders' funds £149.7m (£119.78m)—goodwill took £7.51m (£7.57m), Cash and bank deposits £4.09m (£2.97m). Bank overdrafts and loans £11.66m (£3.28m). On a CCA basis, pre-tax profits of £37.9m (£31.18m) are reduced to £25.5m (£23.4m). Meeting, Cheltenham, October 2, 11 am.

BELHAVEN BREWERY GROUP—Results and prospects reported on July 31, 1980. Shareholders' funds £5.26m (£4.5m): bank loans and overdrafts (secured) £1.32m (£964,399); goodwill on consolidation £1.29m, (£157,838); capital expenditure not provided for in accounts £320,757 (£186 156). Meeting, Glasgow September 16, 11.30 am.

DAVID S. SMITH (printer and carton maker)—Results for year to April 30, 1980, announced August 8. Shareholders' funds £1.63m (£1.24m), cash and bank balances £864,574 (£738,120). Trading in first few months of current year satisfactory but board unable to predict with any conviction outcome for year as a whole. Meeting: Kingsley Hotel, Bloomsbury Way, WC, October 3, noon.

Shipyard talks end in deadlock

TALKS aimed at settling a dispute at the Harland and Wolff shipyard in Belfast, which has led to an overtime ban by 1,400 steelworkers, ended yesterday without agreement.

The steelworkers, members of the Boilermakers' Union, have operated the ban since the beginning of the week. They claim that a productivity deal, which appears to have been accepted by the rest of the company's 7,000 workers, was approved by the Confederation of Engineering and Shipbuilding Unions without the approval of yard officials.

The company said the ban had little effect so far, as the steelworkers were working only a small amount of overtime. No further talks between the two sides have been scheduled.

SPAIN

August 27	Price %	+ or −
Banco Bilbao	228	
Banco Central	254	−2
Banco Exterior	210	−2
Banco Hispano	225	−4
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	281	
Banco Urquijo	141	
Banco Vizcaya	238	−2
Banco Zaragoza	215	
Dragados	110	+4
Espanola Zinc	71	+1
Fecsa	63	−0.70
Gal. Preciados	30	+1.50
Hidrola	67.20	−1.80
Iberduero	64	−3
Petroleos	110	
Petroliber	87	

MINING NEWS

Growth at Renison boosts full-year profit of CGFA

BY GEORGE MILLING-STANLEY

THE TASMANIAN tin producer Renison was once again the major contributor to a sharp rise in full-year profits of Consolidated Gold Fields Australia. CGFA recorded a 56.8 per cent rise at the net level to A$19.08m (£9.54m).

Earnings came out at 70.4 cents a share, up from 44.9 cents in 1978-79, and the dividend total is boosted to 23 cents a share compared with 17.5 cents last time with a final payment of 13 cents.

The 53.3 per cent-owned Renison benefited from the very strong tin price and improved metallurgical recoveries. These factors were partially offset by losses of production due to industrial disputes.

Renison's net profit of A$25.75m easily surpassed the previous year's record figure of A$22.72m.

CGFA said yesterday that it expects the tin price to remain high, and consequently Renison's prospects for the current year are very good, given reasonable freedom from industrial troubles.

Of CGFA's other interests, the Mount Lyell copper operation returned a net profit of A$5.35m on the back of higher prices for copper and by-product gold and silver, in spite of lower production as a result of industrial unrest. The comparable figure for last year was just A$428,000.

Mount Lyell is curently working to increase mill throughput and improve operating efficiency in the mine. Provided there is no significant fall in copper and gold prices, it should enjoy another good year, CGFA said.

Higher prices for rutile and zircon, and increased sales volumes for synthetic rutile, boosted Associated Minerals Consolidated, the beach sands operation, from A$225,000 ti A$2.63m. CGFA expects AMC at least to maintain this improvement during the current year.

CGFA's net profit was struck before an extraordinary credit of A$1.79m, reflecting the sale of the 64.82 per cent stake in the loss-making Bellambi coal operation.

Bellambi was sold in November last year to Shell Australia and the Australian shipping company McIlwraith McEacharn for a net A$12.74m, but offset against this is a provision of A$9.94m against the possibility of failing to re-open the Gunpowder joint venture.

This operation has remained on a care and maintenance basis throughout the year, and will only re-open for conventional mining and milling if the price of copper shows a significant and sustained increase above current levels.

A copper leaching operation was started at Gunpowder during the year, and encouraging results from this have led to its expansion. CGFA said that it is possible that a full-scale leaching operation may eventually be established.

CGFA's shares dipped 10p to 460p in London last night ahead of the results.

N. American interest in Peru revived

THERE ARE signs of renewed interest on the part of North American companies in investing in natural resources exploration and development in Peru.

Mr. Pedro Kuczynski, the country's energy and mines minister, said on his return from a visit to New York and Washington that Gulf Oil of the U.S. and Huskie Oil of Canada are interested in exploring for oil in Peru, and a number of other U.S. companies are to visit Lima in September to discuss investing in the mining and oil industries.

The Peruvian Government is planning to stimulate foreign investment in the country's natural resources, he added. Mr. Kuczynski indicated that copper was a priority, since output has not increased significantly in the past 12 years, apart from the Cuajone project.

He added that Centromin, the state mining corporation, plans to expand output at the Cobriza copper complex, 200 miles north-east of the capital, to 26,000 tonnes of refined copper a year from the present 16,000 tonnes.

The World Bank has denied reports from Lima that it has granted Peru a loan of $100m for the Cobriza expansion, as part of a $132.5m package to aid the mining, electricity and phosphates industries. It is suggested in Washington, however, that Mr. Kuczynski may have negotiated commercial bank funding of the order of $100m while in New York.

Cobriza, which is currently also producing 400,000 ounces of silver a year, was operated by the U.S. company Cerro de Pasco until it was nationalised in 1974.

In June, 1976 the World Bank lent Peru $40m towards a $146.5m programme of expansion at Cobriza, but said yesterday that its current negotiations with Peru were at a "very preliminary" stage, with no decisions taken as to which projects might be supported.

According to the latest monthly summary of the bank's operations, it is considering a loan of $50m to Centromin towards that organisation's 1981-84 investment programme, with co-financing being sought.

Mary Kathleen down at halfway

IN LINE with the forecast made in January of this year, net profits of the Queensland uranium producer Mary Kathleen for the first six months are almost one-third lower at A$6.03m (£3m) than in the corresponding period of last year. As before, no interim dividend is to be paid.

Mary Kathleen, until recently Australia's only uranium producer, warned at the end of the last financial year that it had fully absorbed all the accumulated tax losses from previous years, and said that profits after taxation would be substantially lower for the remaining life of the mine. The tax charge for the first half is A$5.6m.

Production during the first quarter was severely affected by both mechanical problems and an eight-week industrial dispute. Despite this, output of uranium oxide was slightly ahead of the first half of 1979 at 367.8 tonnes. The company is still concerned at the level of industrial disruption.

Another major problem facing Mary Kathleen is the attitude of the Electrical Trades Union, which has instructed its members employed at the mine to resign. The Queensland Government has challenged the union in the courts, and the case is continuing.

In addition, there has been a resurgence of anti-uranium activity by other sections of the trade union movement, and Mary Kathleen is vigorously resisting attempts to close its operations down.

The company also disclosed that it has already taken steps to increase security after reports of thefts of uranium concentrates from is plants, and further measures are being developed in conjunction with the Australian Safeguards Office.

Exploration efforts around the existing ore body, close to Mount Isa, are being intensified, but so far without success, Mary Kathleen said.

The company is owned as to 51 per cent by CRA, which in turn is a 61.1 per cent-owned subsidiary of Rio Tinto-Zinc.

St. Joe plans to develop zinc mine

AMERICA'S St. Joe Minerals plans to regain its position as a low-cost zinc producer by developing its recently discovered Pierrepont zinc ore-body in northern New York State at a cost of $5m (£2.08m). Reserves at Pierrepont are estimated to be at least 2.5m tons, grading a rich 15 per cent zinc.

Mr. John A. Wright, executive vice president of the company, said that the development of Pierrepont would allow St. Joe to reactivate part of its zinc smelting operations at Monaca, Pennsylvania, which were closed last December.

The section of the plant to be reopened will initially produce around 50,000 short tons of zinc metal a year, some in slab form and some as zinc oxide.

The reopening of the Monaca plant will have several advantages, Mr. Wright said. It will provide a market for most of the current output of Pierrepont and St. Joe's existing operation nearby, at Balmat in New York State.

In addition, it will enable the company to dispose of the zinc-bearing materials remaining in the plant from previous operations at an economic price.

And, perhaps most importantly, it will allow St. Joe to re-enter the zinc metal business for a capital investment of less than $2m, compared with a cost of some $100m to construct a new plant of similar capacity.

NEW GOLD MINE FOR EASTMET

The Australian minerals and energy exploration company Eastmet expects to start open-cut gold mining operations on the Agricola prospect near Nambour, south-eastern Queensland, next year.

Eastmet has had some encouraging results from test drilling, including some assays as high as 15.65 grammes of gold per tonne, albeit over narrow widths. The company said that significant values of silver and copper were also present in the holes.

BIDS AND DEALS

New bidder for Lidstone

Gresham House Estate, acting for the unquoted Welsh Industrial Investment Trust, has stepped into the breach left by the withdrawal of Mr. Jack Walker's bid for Lidstone.

The troubled butcher and property investor has now received a conditional bid from Security Exchange, a Gresham House subsidiary, which is on the same terms as Mr. Walker's earlier bid through Greewalk.

Independent shareholders are to receive £2.80 per share cash. If they accept then Mr. G. M. Stitcher, Lidstone's chairman, will get £2.60 for each of his; the price differential is intended to ensure that outside holders do not suffer from the £90,000 loss expected as a result of the liquidation of Gilmore and Partners, the Smithfield meat traders.

The offer is conditional on two transactions which may be waived by Security Exchange before September 17. One of these is thought to be the prior acquisition by Lidstone of New Cavendish Estates, a property investment associate of Gresham House.

LAPORTE AND BIO-KIL

The offer by Laporte Industries (Holdings) to acquire Bio-Kil Chemicals has become unconditional and remains open. The share alternative will remain open until tomorrow, or such date as the offer becomes unconditional in all respects.

Acceptance have been received in respect of 917,270 Bio-Kil ordinary shares and 1,476,429 non-participatory convertible shares, together representing 95.7 per cent.

BAXTERS-AD INTL.

By agreement with Baxters of Bradford, the 40 per cent interest which AD International has held in the Yorkshire retail dental company, has been bought back by Baxters.

Both companies favour this reversion to the arrangement which prevailed at the time of the original investment by AD in 1972.

M.Y. DART BUYS SQUASH CENTRE

M.Y. Dart is acquiring the Redditch Squash and Leisure Centre from the receiver for a cash consideration which, including the valuation of stocks at completion, is not expected to exceed £350,000.

The property is held on long lease from Redditch Development Corporation and the leasehold includes land for further development.

COOPER ACQUIRES MALINS FOR £0.5M

G. C. Cooper (Holdings), a company wholly owned by Mr. Charles Cooper, who retired as chairman of Cooper Industries last December, has acquired the business of Malins Engineers, manufacturer of the Mamod range of steam models.

The company has been acquired from the receiver, Mr. Alastair Jones of Peat Marwick.

The consideration involved is about £500,000. As a result of the deal 110 jobs will be saved. Funding has been arranged with the support of Midland Bank.

Turnover of Malins was around £1m but the group was barely breaking even. Mr Cooper said yesterday that he hoped to improve sales by mounting an export drive using the resources of Morris Vulcan, the biggest manufacturer of roller skates in Europe.

LIGGETT BUYS

Liggett Group, the U.S. company now owned by Grand Metropolitan, has bought Dry Milks Inc., a processor and blender of dairy based food ingredients.

This follows the purchase by Grand Metropolitan's Express Dairy subsidiary of substantial whey treatment facilities in Vermont. For 1980, Kentucky-based Dry Milks and the whey facilities are expected to produce total turnover some $30m (£12.6m).

ST. MARTINS HAS 95% OF HAY'S WHARF

The offer on behalf of St. Martins (Industrial), owned by the Government of the State of Kuwait, for the Proprietors of Hay's Wharf has been accepted in respect of 20.48m (95.3 per cent) ordinary of Hay's Wharf, including 7.02m ordinary held by the Kuwait Investment Office before the offer period, and 4.59m ordinary acquired by them during the offer period.

Acceptances totalling 1,807,704 (90.5 per cent) have been received in respect of the offer for the preference shares. Both offers are unconditional in all respects.

TEBBIT OFFER ACCEPTANCES

Tebbit Group say acceptances of its recommended offer for Hensher Furniture Trades have been received from the holders of 1.46m ordinary shares of Hensher, representing 91.4 per cent; 3.86m "A" non-voting shares, representing 89.3 per cent; and 94,455 6 per cent cumulative preference shares of £1, representing 72.6 per cent.

Holders of 1.18m ordinary shares, 73.6 per cent, and 2.08m "A" non-voting shares of Hensher, 64.9 per cent, have accepted the cash offer.

The offers are declared unconditional and will remain open.

Near 33% profit rise for Brown Brothers

SIR MONTY PRICHARD, chairman of **Brown Brothers Corporation**, the distributor of motor accessories, reports record sales and profits in his first year as chairman.

Pre-tax profits for the year ended June 30, 1980, rose by 32.9 per cent from £3.13m to £4.16m, on increased turnover of £93.07m compared with £88.38m. Tax took £126,000 against £157,000.

Sir Monty attributes the major part of the profit improvement to product rationalisation, greater specialisation and the concentration of efforts on specific market segments and customer requirements within those segments.

At mid-term, pre-tax profits were £1.85m (£1.72m).

Earnings per 10p share at year end were better at 8.8p (6.5p). The final dividend is up from 0.87p to 1.1p, lifting the total to 2.1p (1.4p). On a CCA basis, the profit before taxation is reduced to £1.35m (£1.48m).

The attributable balance was £4.54m (£2.97m) after minority profits of £2,000 (same) and an extraordinary credit of £506,000 realised on the sale of a non-trading subsidiary.

After dividends of £964,000 (£642,000), the retained amount was £3.57m (£2.33m).

● comment

The benefits of product rationalisation at Brown Brothers continue to show through. Second half trading margins are up by almost 2½ points but sales are ominously static. Destocking in the motor industry hit Brown's final quarter and there is no sign of relief as yet. With engineering still a fairly insignificant part of the group, Brown's profits are highly vulnerable to a decline in component sales volume. Yet the company has at least one more year of minimal tax payments ahead of it and the balance sheet is solid, despite an exceptionally high proportion of floating rate debt. The shares, up 1p at 29½p, trade on a fully-taxed p/e of 6.5, which looks beyond the short-term problems and probably contains an element of speculation that Dana, the U.S. parent, will bid for the minority. The yield is 10.6 per cent and is backed by a dividend cover of 1.8 times on current cost earnings.

Letraset profits outlook

IN HIS annual statement, the chairman of **Letraset** warns that it may well be difficult to match last year's pre-tax profits of £12.1m.

He says the first quarter of the current year indicates that graphic division sales remain firm, though Stanley Gibbons continues to trade at a less than satisfactory level and market conditions for leisure products remain extremely difficult.

The accounts show an ex-gratia payment of £35,000 to a former director and a payment of £35,000 for compensation for loss of office.

Victor Products expands to £1.75m

TAXABLE profits of **Victor Products (Wallsend)**, industrial and mining equipment manufacturer, expanded in line with expectations to £1.75m in the year to April 30, 1980, compared with £1.59m.

At midway, when the surplus was up from £643,200 to £703,600 despite the effects of the engineering strike, the directors anticipated some growth, but said the year would mainly be one of consolidation.

Earnings, after tax of £1.44m (£1.39m), are shown as 17.88p (17.67p) per share and the dividend is lifted from 3.743p to 4.25p net with a final of 2.75p.

Turnover during the year was £1.44m ahead at £11.66m.

In the current year, the target of growth in excess of price increases has been achieved in the first quarter, say the directors, and they expect it to be aciheved at the half year. But *maintenance of this progress in* the second half depends on the assumption that the recession will not deepen significantly in the energy-related fields which the group serves, they add.

A small, short-term downturn in sales to the National Coal Board is anticipated as the board meets Government cash limits against a background of low current demand for coal in the UK. But this should be offset, say the directors, by a resurgence of interest in North Sea oil activities and by a more determined attack on export markets.

● comment

Now that coal is identified as a growth industry, investors have high expectations for **Victor Products (Wallsend)**. The 10 per cent pre-tax profit gain announced yesterday was only slightly shy of most estimates but the shares fell 7p to 208p where they still trade at 11.6 times stated earnings and yield only 3 per cent. The total dividend is up 13.5 per cent but the final is cut 8 per cent and the company is forecasting very little real growth in the current year. Sales of mining equipment to the company's main customer, the National Coal Board, remain sluggish because of the NCB's cash limits and margins on export sales, reduced from 15 per cent to 10 per cent of turnover this year, are squeezed. Sales of lighting equipment to the oil industry are picking up and should make up for the sluggishness in coal. Retained profit on a CCA basis last year was £560,000 compared with £1m on an historic basis.

Blue Circle well ahead so far—£47m cash call

ON TURNOVER well ahead from £228.3m to £303.6m, taxable profits of **Blue Circle Industries**, cement manufacturer, expanded to £34.2m for the first six months of 1980, compared with £20.6m. Also announced is a one-for-five rights issue at 300p per stock unit, to raise some £47m.

Profits for the whole of 1979 amounted to £51.9m.

In June the directors said they expected first-half results to show a welcome improvement over the corresponding period of last year.

Although the home market kept up well in the six months—home trade cement deliveries rose from 4.3m tonnes to 4.5m tonnes—in spite of the growing recession in the construction industry, UK operations will be affected in the second half, the directors say, by an inevitable fall in demand and by the full impact of increased fuel and labour costs.

Profits from overseas operations, before tax and minority interests, showed a significant advance to £19.2m (£12.3m), despite strong sterling, and it is confidently expected that progress will continue to be satisfactory in the second six months.

Earnings per £1 share are shown as 16.4p against 11.5p, and the interim dividend is boosted by 31.6 per cent to 5p (3.8p) net. And the directors anticipate recommending a final of 10p, (8.7p) on capital enlarged by the rights issue.

Dealings in the new ordinary stock units in nil paid form, will begin on September 2.

Pre-tax figure, which included associates's share of £12.6m (£9.7m) and investment income of £2.6m (£1.9m), was struck after finance charges of £7m (3.7m), and depreciation of £21.8m (£15.8m), which has been provided on the depreciated current replacement cost of fixed assets.

Profits would have been increased by some £15m (£12.4m) had depreciation been on an historic cost basis.

Six months tax takes £19.7m compared with £10.5m and after minority interests of £1.2m (£0.8m) and an extraordinary credit of £17m, the attributable balance was up from £9.3m to £30.3m.

The extarordinary item represents the profit on disposal of the group's interest in Genstar, of Canada.

Contracts are being finalised, the directors state, for the construction on a 1m tonnes per year cement plant in Indonesia, at a projected cost of US$206m, which will serve the Sumatra market.

The group will subscribe a 26.4 per cent equity stake for $19m, and will provide the management under a management services contract.

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BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Fife Forge, Hill and Smith, Imperial Chemical Industries, Koda International, Lec Refrigeration, Mixconcrete, H. and J. Quick, Scottish Agricultural Industries, Sharpe and Fisher Yorkshire Chemicals.

Finals: Commercial Bank of Australia, Erskine House Investments, Somportex, Stoddard.

FUTURE DATES

Interims—	
Church	Sept. 3
Claverhouse Investment Trust	Sept. 1
Costain	Sept. 4
Morrison (William)	Sept. 25
Small (John C.) and Tidmas	Sept. 9
Watmoughs	Sept. 30
Finals—	
Diploma	Sept. 2
Elder Smith Goldsbrough Mort.	Sept. 16
G.T. Asia Sterling Fund	Sept. 1
Gaunt (Rowland)	Sept. 2

Cement Roadstone 22% growth first half

THE DIRECTORS of **Cement-Roadstone Holdings**, Irish building materials group with major interests in the UK and overseas, report pre-tax profits of IR£13.54m for the 28 weeks ended July 9, 1980, an increase of 22.2 per cent over the £11.07m in the same period last year.

Volumes were good in the first quarter but then declined, the directors say. However, they will be disappointed if the profit progress is not maintained for the year.

First-half earnings per share are stated as 6.92p, against 6.28p, and the interim dividend is lifted from 1.82p to 2.1p—the total last year was 4.62p from pre-tax profits of £24.14m.

Sunbeam Wolsey setback

WITH TURNOVER down from IR£11.87m to £9.41m, pre-tax profits of **Sunbeam Wolsey**, the Cork-based hosiery and knitwear *manufacturer, plunged from* £604,000 to £42,000 for the half year to June 30, 1980, and the interim dividend is omitted.

The directors say conditions are still extremely difficult and the current situation would not justify the payment of an interim—last year's interim was 1p out of a total of 4p, which was paid from pre-tax profits of £1.48m (£1.45m).

The half year results, they add, indicate the difficult trading situation which all companies in the group experienced.

The attributable balance was £53,000 (£426,000), after minority losses of £11,000 against profits of £28,000. There is no tax charge, against £150,000 last time.

ARLINGTON MOTORS

At the annual meeting of **Arlington Motors** yesterday, chairman Mr. N. C. N. Housden said: "I would not add to my statement with the accounts save to state that during the first quarter of this year the group traded profitably although below the record level achieved in the first quarter of last year."

Rationalisation at Rotaprint

IN ORDER that **Rotaprint** can operate within the limits of capital available to it and having *regard to the severe additional* demands imposed by increasing cost inflation, the directors, with the support of the company's bankers, have taken a number of decisions to rationalise operations.

Following the profit warning reported yesterday, Mr. G. C. Nichols outlines the rationalisation programme in his full annual statement.

Some less profitable operations have been, or will shortly be, closed and one of the two freehold factories is to be sold as manufacturing capacity is *now greater than is needed.* In order to raise liquid funds the other factory is also being sold but with a lease-back for the *continuation of operations.* In addition, it is intended to cease *manufacture* at Washington, Tyne and Wear.

Mr. Nichols says the company has been under-capitalised for a number of years. UK inflation during the past few years has prevented the company from *making sufficient profits to* enable it to attract new capital, but during the past year there has been one other special factor—the contingent liability to meet claims against the company in France arising out of the alleged wrongful summary termination of the distribution *agreement with the company's* former distributor in that country.

The existence of claims has discouraged some potential investors from investing new capital so it has been deemed *advisable to seek with the co-*defendants an out-of-court settlement at a reasonable price so that the financing of capital requirements can proceed on a normal basis.

No agreement has been reached but claims have been reduced by some £2.5m The contingent liability of the company is now set at around £1.7m. However, the directors say they do not consider the claims to have any substance and *they are being strongly defended.*

Mountleigh progress continues

TAXABLE PROFITS of **Mountleigh Group**, worsted manufac*turer and property investment* and development concern, continued their midterm advance and finished the year to April 30 last at £740,000, compared with £347,000 for the previous 12 months.

At halfway there was a surplus of £236,057 (£160,046) despite a *loss from the manufacturing* division.

Turnover for the year was a shade lower at £5.18m (£5.24m) but after an exceptional charge of £49,000 (nil) retained profit still showed a rise from £295,000 to £570,000. There was again no tax charge.

Dividend per 25p share is raised to 3p net, against 1.44p. Earnings are shown as 17.25p (8.64p).

The surplus was struck after a contribution from the property developments division of £800,000 (£254,000).

This division, the directors say, has made a good start to the current year and the development programme is progressing satisfactorily. Chairman Mr. E. Hall, says the current year will demonstrate this division's continued success.

In worsted *manufacturing,* action has been taken to reduce costs, improve efficiency and equate production with demand and the division is now a viable production unit.

But the directors warn that should profitable demand prove insufficient to justify present *levels of production, they will* not hesitate to reduce further the company's involvement.

The board intends to introduce payment of an interim dividend, payable in May, 1981.

Slough Estates tops £5.6m midway despite slack demand

AFTER expenses, including land carrying costs of £710,000 (nil), profits before tax of **Slough Estates** improved from £4.49m to £5.65m in the first six months of 1980 and despite difficult conditions, second half profits are expected to be broadly comparable with these figures.

Stated earnings per 25p share for the first half are 3.61p against 2.19p and the interim dividend is raised from 0.9p to 1.1p—the total last year was 2.3p from pre-tax profits of £10.07m.

Turnover comprised UK rentals of £9.12m (£7.28m), overseas rentals, £3.34m (£2.96m), sales of electricity, steam, water and gas, £5.54m (£4.79m) and sales of merchandise, £1.69m (£1.72m).

Mr. Nigel Mobbs, chairman, says the high percentage increase in post-tax profits reflects the substantial level of capital investment by the group worldwide and higher capital cost allowances that can be claimed in the UK.

He notes a general decline in UK business activity during the first half. Overall demand for industrial premises has eased although areas in the south of England remain buoyant.

Conditions overseas are generally satisfactory although business activity is down compared with the same period last year.

Squeeze on Rotork margins

ALTHOUGH SALES increased by 20 per cent, pre-tax profits of **Rotork** were only £50,000 ahead at £1.48m in the six months to June 30, 1980. Turnover rose from £9.06m to £10.86m.

Margins in the controls division of this designer and manufacturer of valve control equipment, marine craft and machine tools, have again been squeezed by the strength of sterling and fierce international competition. But, says the board, the overall results have been helped by a substantial contribution from the marine business which, owing to the incidence of order completions, will not be repeated in the second half.

The directors says that at this stage it would be unwise to attempt to forecast the outcome for the remainder of 1980, but considering the severe economic conditions throughout the world, the group expects to continue to give a good account of itself.

The interim dividend is increased from 1p to 1.1p and this will absorb £206,533 (£186,018). After tax of £770,000 compared with £740,000, stated earnings per 10p share are 3.4p (3.3p).

First half rise for Dunlop Estates

Pre-tax profits of **Dunlop Estates Berhad of Malaysia**, cotrolled by Dunlop Holdings, improved by 8.1 per cent to Ringgits 18.2m for the first half of 1980.

Turnover advanced to Ringgits 75.5m, a rise of 10.3 per cent, and the interim dividend is unchanged at 10 sen per share.

Noting weaker commodity prices, especially for edible oils and cocoa, compared to levels of a year earlier, Dunlop Estates says that earnings are expected to be lower for the full year.

MALAYAN TIN ACCEPTANCES

Malayan Tin Dredging's merger scheme has received acceptances totalling more than *90 per cent from* **Southern Malayan, Southern Kinta** and **Lower Perak** and is proceeding to compulsorily acquire the companies' outstanding shares.

The other companies involved in the six-company merger are **Kramat Tin**, a listed company for which acceptances received total 75.97 per cent, and **Bidor Malaya**, an unlisted company for which acceptances were 100 per cent. However, the level of acceptances from Kramat is still subject to verification.

Acceptances from Southern Malayan totalled 91.42 per cent, Southern Kinta 91.48 per cent and Lower Perak 90.13 per cent.

UK GEOLOGISTS LEAD KENYA METALS SEARCH

A team of British geologists led by Dr. Brian Hackman of the *Overseas Division* of the Institute of Geological Sciences is undertaking a four-year project seeking chromite, nickel, fluorspar and vermiculite in the Samburu-Marsabit region in the north of Central Province in Kenya.

The project, which will cost in the region of £615,000, is *being financed out of the British* Government's aid programme to Kenya.

A COUNTER BID FOR TANJONG?

Tanjong Tin Dredging yesterday requested the suspension of trading of its shares on the Kuala Lumpur Stock Exchange. Trading in Tanjong's shares on the London market was suspended on Tuesday morning at the company's request.

Tanjong told the Kuala Lumpur exchange that further negotiations are taking place which may lead to a counter *offer to that which has already* been made by the D. Kuok family interests through Tien Ik Enterprises. The latter controls 25.89 per cent of the Tanjong equity and is offering 105p cash per share for the remaining 1.01m shares outstanding.

Tanjong's shares were suspended early in August prior to the bid from Tien Ik Enterprises and re-listed on August 13 when they moved up to 125p following speculation of a possible counter bid.

Pahang Consolidated, which has a 29.8 per cent holding in Tanjong, was named as a potential bidder.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	19	—	35	—	46	1	351p
BP	390	8	—	23	6	—	—	"
Com. Union	140	31	1	35	—	41	—	167p
Com. Union	160	13	36	22	—	26	—	"
Com. Union	180	5	30	11	—	17	—	"
Cons. Gold	550	34	1	53	—	73	—	537p
Cons. Gold	600	15	2	33	2	—	—	"
Courtaulds	70	4	10	7	—	10	—	64p
GEC	420	94	5	118	—	—	—	495p
GEC	460	60	2	86	—	104	—	"
GEC	500	33	21	57	16	78	—	"
GEC	550	11	21	33	21	54	—	"
Grand Met.	160	12	75	21	—	27	—	165p
Grand Met.	180	4½	74	11½	—	17	—	"
ICI	330	35	10	45	3	—	—	359p
ICI	360	15	26	28	—	38	—	"
ICI	390	6	14	15	9	25	—	"
ICI	420	1	5	—	—	—	—	"
Land Secs.	323	54	3	3	3	—	—	367p
Land Secs.	353	29	30	30	—	—	—	"
Marks & Sp.	110	4½	3	8½	1	12½	—	102p
Shell	390	38	1	58	20	68	—	417p
Shell	420	22	31	38	—	48	—	"
Totals			401		81		1	
		August		November		February		
Imperial Gp.	70	12½	25	15	—	17	—	82p
Imperial Gp.	80	2½	146	7½	75	10	—	"
Imperial Gp.	90	½	55	3	—	6	—	"
Lonrho	74	19	—	24	4	29	—	92p
Lonrho	84	9	8	17	—	20	3	"
Lonrho	94	¼	18	10	7	17	—	"
Lonrho	104	—	62	7	26	10½	5	"
Lonrho	114	—	22	4½	25	7½	7	"
P. & O.	100	33	11	38	—	39	—	132p
P. & O.	110	23	7	29	—	30	—	"
P. & O.	120	13	5	20½	3	23	—	"
P. & O.	130	3	21	14	2	18	—	"
P. & O.	140	—	—	9½	3	12	—	"
Racal Elec.	220	81	4	93	—	102	—	301p
Racal Elec.	240	61	3	75	—	85	—	"
Racal Elec.	260	41	4	57	1	70	—	"
Racal Elec.	280	21	32	41	2	55	—	"
Racal Elec.	300	1	1	29	50	43	—	"
RTZ	390	83	1	97	—	122	—	471p
RTZ	460	13	5	44	1	68	—	"
RTZ	500	½	13	24	11	45	1	"
Totals			443		210		16	

INTERNATIONAL COMPANIES and FINANCE

FORD OF BRAZIL

Search for the right mix

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN subsidiary of Ford Motor seems to have been caught between two stools as it enters the 1980s. While admitting that "the cars of the last decade will not be appropriate for this one," Mr. Lindsay Halstead, president of Ford do Brazil, agreed recently that the more expensive end of the market is likely to contract by comparison with the economy class section. Ford does not have a car to meet such a change in Brazil.

"Of course, I would like a small car," Mr. Halstead said. "But I have to ask myself whether I can afford one." He estimated that to bring a small Ford car, such as the highly successful Fiesta from Europe to Brazil would cost twice the U.S.$500m that Ford is to spend in the country over the next four years. With total overseas spending for that period at $4bn, such an increase in the Brazilian subsidiary's budget is out of the question."

As Mr. Halstead explained, "Brazil represents less of a profit for Ford than our commitment, measured in terms of market share and investment, would suggest." Investment decisions taken in the U.S. these days have to look to Ford's other strong non-U.S. markets, such as Argentina and Venezuela, where sales have risen in recent years.

In Brazil, Ford's share of the car market was 16 per cent last year. Thus, given "the worldwide investment context, and Brazil's reduced earnings capacity," Ford Brazil has not received the $1bn it would require to introduce an economy car, in response to market trends.

Meanwhile, it's competitors are well advanced in the development of their new models. VW do Brasil this year launched the first of what is to be a four-model line called the Golf, whose second member, also due this year, will carry the Passat 1.6L engine, making it a Corcel stand-off. GM do Brasil intends to have its car ready for 1982. This will be the company's "world car."

The Golf is to be the VW model for third world countries, matching the Golf in the U.S. and Europe.

The other alternative on which Ford is working is the inclusion of Brazil in its plans for a world car: the world car principle is based on the idea of delegating production to developing countries and assembling worldwide. No single country would have a monopoly of production of any one component, and no one country would produce all the components. Thus the car is "based and built worldwide."

This would offer a considerable reduction in investment costs, and would solve the present dilemma in Brazil. However, unlike General Motors, it seems that Ford is unable to include Brazil in its plans at the moment, due to the Government's nationalisation index. This is the percentage of the car which must come from Brazil, at present standing at 85 per cent. While GM can afford to build its world car in Brazil with this index, Ford cannot, and is presently preparing a study to be ready later this year, to be presented to the Government with a proposal for a lower index, when world car production would become possible. Even so, a government decision on a revised nationalisation index would only come at the beginning of next year, which would mean a further delay before the plan could aetually be put into effect

Ford is examining which route to take for the eighties in Brazil. A decision is complicated by the fact that Brazil sets a high "index" for parts that must be made domestically

The U.S. $500m Ford do Brasil is to receive will be spent in part on the development of a still larger car than the Corcel, replacing the Maverick, which went out of production in 1978. This might seem madness in Brazil, where the country's 80 per cent dependence on imported oil has brought petrol price rises of 410 per cent in the last 18 months, in an attempt by the government to lower consumption.

However, the logic behind the move is that while the big car market will tend to shrink in coming years, Ford's participation in it is actually increasing, from 25.6 per cent of sales in 1978 to 28.5 per cent in 1979. While Ford's share of the Brazilian lorry market increased 3.1 per cent last year, its present line is not expected to stand up to new models from its stronger competitors in the next couple of years, so again alterations will have to be made if the company is to maintain its 20 per cent share of the market.

The other possible salvation for Ford in Brazil could come from the agreement presently being negotiated for co-operation between Ford Motor Corporation and Toyota. Although the negotiations at present refer specifically to co-operation in the U.S., where Ford must invest heavily to maintain its position, Toyota did not rule out the extension of any agreement between the two to include Brazil.

Although Toyota are not producing cars at the moment in the country, their absence from the sector has long been a mystery to other manufacturers, and their entry, particularly with a small car, would be a major challenge to VW and GM's supremacy.

Mr. Halstead suggested that "technological advantages could result from the Ford-Toyota agreement for U.S. in Brazil," but did not specify them. His company, which seems unlikely to put a small car on the road in Brazil much before 1984, would certainly benefit from an association with Toyota in Brazil if a small car were to come out of it.

Gotaas Larsen slips into the red

By William Hall, Shipping Correspondent

GOTAAS LARSEN, the Bermudan-based shipping company, has swung into the red in its second quarter. It blames high interest rates and the depressed earnings of its fleet of very large crude carriers for what it admits is an "unsatisfactory" performance.

In the three months to end-June the group made a loss before exchange losses of $4.1m or 38 cents a share, against a profit in the comparable period of 1979 of $5.5m or 51 cents a share. Last year's results were inflated by $2.4m of profits on asset disposals which were largely absent in the latest period.

After adding in exchange losses of $5.5m, due to the weakness of the U.S. dollar, the shipping group made a net loss of $9.7m in the second quarter against a $4.1m profit in the same period of last year.

For the first six months of 1980 Gotaas Larsen reported a loss of $2.7m or 25 cents a share on revenues of $81.6m. However, the group says that the results for the rest of this year and 1981 should be "significantly better."

The company has taken a number of actions which should bolster its earnings position. It has sold one of its VLCCs, the Golar Nichu, at a "significant profit," and has fixed the Golar Freeze, one of its liquefied natural gas carriers, on a 15 year charter.

Gotaas Larsen has settled the long-running legal dispute over the dilvery of theinitial cargo of LNG on the Abu Dhabi-Japan route in May 1977..

Canadian banks boost profits

By Our Montreal Correspondent

BANK OF MONTREAL, Canada's third largest chartered bank, earned C$ 66m in the third quarter ended July 31, equal to C$ 1.22 a share. This compared with C$ 58m or C$ 1.19 a share in the corresponding period last year.

In the first nine months of fiscal 1980, earnings were C$ 44.9bn against C$ 36.5bn a year earlier.

Bank of Nova Scotia, Canada's fourth largest chartered bank, earned C$ 59.3m or C$ 3.44 a share in the first nine months of fiscal 1980 against C$ 127.6m or C$ 2.98 a share in the same period of 1979.

Assets at July 31 were C$ 40.22bn against C$ 32.48bn a year earlier.

The bank has raised its quarterly dividend from 35 to 40 cents a share.

Resource Service gain

Canada's Resource Service Group, an oilfield supply company in which Consolidated Goldfields of the UK has an equity interest earned C$1.4m (US$900,000) or 32 cents a share in the first half against C$996.000 or 23 cents a year earlier on revenues of C$57m against C$45m.

Strong mid-term increase for International Thomson

BY OUR FINANCIAL STAFF

INTERNATIONAL THOMSON Organisation, holding company for North Sea oil, newspaper and publishing interests which include Times Newspapers of the UK, has announced a substantial increase in profits in the first half of the year, but warns that the results are not necessarily indicative of likely results for the full year because many group business activities are seasonal.

Pre-tax profits for the first six months of the year rose from £63.2m to £111.5m ($265.4m). But most of the increase came in the first quarter of the year, when profits soared from £17m to £51.7m helped by higher oil prices.

The group was also helped by the reappearance of The Times and Sunday Times newspapers.

The board comments that much of the group's business is seasonal, and said the results just announced are not necessarily representative of the likely outcome for the full year.

Profits were hit by the 10 per cent increase in UK Petroleum Revenue Tax to 70 per cent, and are also lower because no tax relief for expenditure and losses in the U.S.—totalling £5m—has been taken.

But these losses are available to reduce taxable income in future years, and the board.

In Toronto, Thomson Newspapers, majority-owned by the Thomson family, said it has sold to Southam its one-half interest in Pacific Press and its one-third interest in Gazette-Montreal for $57.25.

Thomson said it agreed to the sale of the Gazette-Montreal interest because the continued ownership of a minority interest is not consistent with its long term investment objectives.

The 50 per cent interest in Pacific Press which owns and operates the Vancouver Sun and The Province has been sold to Southam because the partnership has proved to be unsatisfactory, Thomson said.

Harvester buys stake in Italian group

By Our Financial Staff

THE CONSTRUCTION equipment group of International Harvester (IH) has purchased a 50 per cent stake in NEC-Track, a Bologna-based manufacturer of undercarriage parts for crawler tractors.

Under the purchase agreement the group will buy new shares of MEC-Track in a multi-million dollar transaction. No other financial details were disclosed.

NL Industries lifts payment

By Our Financial Staff

NL INDUSTRIES has raised its quarterly dividend to 35 cents a share from 30 cents, payable on September 30.

It said the increase reflected record earnings anticipated for 1980, the strengthened financial position of the company and confidence in its continued growth.

Rexnord income tumbles 86% after nine months

BY OUR FINANCIAL STAFF

HIGHER COSTS for wages and materials and increased interest expense led to a decline in earnings for the nine months ended July 31 at Rexnord, the U.S. producer of power transmission equipment.

Per share earnings fell to $1.69 a share from $2.10 for the same period a year ago. Rexnord said it expects fiscal earnings for 1980 to be down on the 1979 level but expects an upturn to begin in 1981. In fiscal 1979, the company earned $2.19 a share.

Earnings for the third quarter were $7.16m compared with $13.30m, a downturn of 86 per cent, and earnings per share were 36 cents against 67 cents for the third quarter last year.

For the three quarters, net profit fell by 23 per cent to $33.57m on sales which rose only 8 per cent to $805.4m.

Gain at United Brands

BY OUR FINANCIAL STAFF

STEADY PROGRESS at United Brands, which takes 50 per cent of its earnings from banana and related sales and a further 33 per cent from meat sales, has brought total earnings for the 1980 fiscal year to $31.1m or $2.34 a share, a gain of 45 per cent. Sales at $3.76bn, show a 8 per cent improvement.

The final quarter brought a 49 per cent advance in profits to $23.3m or $1.97 a share

Sales slowed down in the final quarter but profits tended to increase momentum. Earnings are traditionally highly susceptible to changes in availability and price of livestock and bananas.

Wereldhave earnings ahead at half time

By Our Financial Staff

MARGINALLY higher six-month profits are reported by Wereldhave, the Dutch property group which two years ago bid unsuccessfully for English Property Corporation.

After-tax earnings are 2½ per cent ahead at Fl 11.7m (£6.2m) and the company re-affirms its forecast that at the per share level profits for 1980 as a whole will be at least maintained. Per share profits for the six months are effectively 17 per cent lower at Fl 3.29.

At June 30, group properties had a book value of Fl 998m and 46 per cent of the portfolio was based in the Netherlands. The U.S. accounted for a further 25 per cent and France and West Germany 11 per cent and 10 per cent respectively.

The UK accounted for just 3 per cent of Wereldhave's portfolio. Earlier this year the company warned that it might be forced to pull out of the UK property market if it could not expand its portfolio to a worthwhile size.

At that time Wereldhve had a UK portfolio amounting to Fl 30m which, it explained, fell substantially short of the Fl 100m to Fl 150m needed to justify the establishment of a local management team.

The company proposes to pay an interim dividend of Fl 3 a share. Last year shareholders received Fl 6.25 in cash plus 3½ per cent in shares.

Margins under pressure at Von Roll

By John Wicks in Zurich

EARNINGS of the Swiss engineering group Von Roll were at about 1979 levels in the first half of this year after a 4 per cent rise in turnover to SwFr 518m ($310.1m).

According to a letter to shareholders, weakening foreign markets could lead to pressure on profit margins in the second half year. The company says it is continuing its intensive efforts to improve productivity.

Von Roll proposes to issue SwFr 50m worth of bonds after September. Proceeds will be used to consolidate short and medium-term debt, and for the financing of investments.

- Swiss stock exchange turnover continues to show a slight increase this year. On the Zurich bourse, turnover rose 4.6 per cent in the first seven months to SwFr 71.55bn after an average improvement of share prices by 2 per cent.

On the Basle exchange, turnover increased by some 1.3 per cent to SwFr 15.7bn and total bargain volume by 4.5 per cent. The Geneva bourse, which does not publish turnover value, booked a rise in first-half bargains from 49,902 to 52,157.

INTERNATIONAL BONDS

Eurodollar issues down sharply

BY FRANCIS GHILES

THE RENEWED rise in U.S. interest rates combined yesterday with the weakness of the New York bond market before the $3bn U.S. Treasury auction to push down sharply the prices of seasoned dollar Eurobond issues.

The average fall in dollar bond prices was about ½-¾ but longer-dated issues were more severely hit, particularly those bearing supranational names. The 11 per cent EEC issue to 1985, whch closed at 88 on Tuesday night, shed a full point to close at 87 while the 10¾ per cent World Bank bond to 1987 closed at 91½-¾, down ¾ of a point on the day.

Eurodollar interest rates climbed sharply yesterday. The six-month rate touched 12¾ per cent before closing at 12 5-16 per cent for a net gain of ⅜ per cent on the day.

The sharp fall in bond prices continues to reflect dealers marking prices down rather than selling.

Most bond dealers are gloomy about the imediate future, fearing that selling pressure, which has not been a serious feature in recent weeks, might develop.

Selling pressure from abroad also hit foreign Deutsche-Mark bonds which shed about ¼ point on the day. Despite this, Westdeutsche Landesbank launched a state-guaranteed DM 100m public issue for the Spanish state railways, RENFE. The borrower is paying a coupon of 8¾ per cent for this eight-year bullet issue.

Dresdner Bank, however, is unlikely to launch the issue it was planning for today because the borrower is reluctant to test the market at this stage.

In the Swiss franc sector, Union Bank of Switzerland made a SwFr 100m five-year private placement for the Kingdom of Sweden, following last week's DM 200m public issue. The latest issue for Sweden carries a coupon of 5¾ per cent, ¼ per cent more than the bond for EDF launched earlier this week.

The Japanese convertible for Toyo Soda was priced yesterday by Credit Suisse at SwFr 40m and final terms include a five-year maturity and a coupon of 5¾ per cent. This private placement has the normal conversion premium of just under 10 per cent and is priced at par.

The average price fall in the Swiss franc sector yesterday was about ⅜ of a point.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	85⅞	85⅞	−0¼	−0⅜	13.45
CECA 11½ 88	100	94⅞	95⅛	−0¼	−1	12.55
Citicorp O/S Fin. 10 86	300	90⅛	90⅝	−0⅛	−0⅞	12.39
Con. Illinois O/S 9¾ 86	150	88½	89	−0⅛	−0½	12.58
Denmark 11¾ 90	100	93	93½	−0¼	−0⅝	12.98
Dome Petroleum 13½ 92	50	99⅛	99⅝	−0⅛	−0¼	13.58
EEC 11 95	75	87⅛	87¾	−0⅝	−2	12.92
EEC 11 85	70	86⅞	87⅝	−1	−1	12.97
EIB 11¾ 92	80	91¼	92	−0⅜	−0⅞	13.18
EIB 13⅝ 90	100	102⅜	102⅝	−0¼	−0½	13.27
Eksportfinans 11¼ 87	50	94¾	95¾	−0⅛	−0⅞	12.39
Eksportfinans 9½ 87	75	85⅞	85¾	−0⅛	−2⅜	12.81
Elec. de France 10 88	125	87⅞	88⅜	−0⅛	−1	12.50
Export Dv. Cpn. 12⅝ 87	100	100½	101	+0⅛	−0⅛	12.54
Export Dv. Cpn. 9½ 86	150	89⅛	89⅝	0	−0⅛	12.24
Federal Dev. Bk. 12⅝ 85	75	99⅝	100⅛	−0⅛	−1⅛	12.24
Fin. Exp. Credit 10½ 85	50	92⅛	92⅝	−0⅛	−1¼	12.68
Finland Rep. of 9½ 86	100	86⅜	86⅞	−0⅛	−0⅝	12.99
Ford O/S Fin. 12⅝ 85	250	97⅛	97⅜	−0⅛	−0⅜	13.32
George Weston 13½ 87	30	†98⅞	99⅛	−0½	−0⅜	13.67
GMAC O/S Fin. 11 84	100	95⅞	96⅜	−0⅛	−0⅜	12.17
GMAC O/S Fin. 13⅜ 85	100	101⅞	102⅜	−0¼	−0½	12.69
Goodyear O/S 12½ 87	75	97¼	97¾	−0⅛	+0⅜	13.05
Hudson's Bay 11½ 90	75	91½	91⅞	−0⅛	−1⅛	13.09
IBM Canada 10½ 85	50	94⅞	95⅜	−0⅛	−1⅛	11.88
ICI Fin. Ned. 11 83	100	97	97½	−0⅛	−0⅛	12.18
Int. Harvester 12¾ 85	115	98½	99	0	0	13.10
McGraw 13½ 85	75	99¾	100¼	0	+0½	13.44
Norwest Ind. 13⅜ 87	50	98⅞	99⅛	−0⅛	−0⅝	13.79
Nova Scotia 10¾ 90	50	90¼	90¾	−0⅛	−0⅛	12.46
OKB 10 85	50	92⅜	92⅞	−0¼	−0⅝	12.07
Pembroke Capital 9⅜ 87	100	†88¾	88¾	−0½	−3	12.17
Pemex 11½ 88	100	92⅞	93⅜	−0⅛	+0⅞	12.93
Quebec Hydro 11½ 92	100	90⅞	91⅜	−0¼	−0⅜	12.99
Repsteel O/S 11½ 88	100	88⅛	88⅝	−0⅞	−0¼	14.01
Roylease Ltd. 11¾ 85	50	96⅛	96⅝	−0⅛	−0⅞	12.26
SNCF 12⅛ 85	50	100½	101	0	−0¼	12.12
Swed. Ex. Cred. 12½ 85	40	99⅜	99⅞	0	−0½	12.56
UB Finance BV 11 90	50	87⅛	87⅝	−0⅛	+0½	13.36
Unilever NV 9¾ 90	100	84½	85	−0⅛	−1⅛	12.51
World Bank 9¾ 85	200	91⅛	91⅝	−0⅛	−0⅞	12.20
World Bank 10¾ 87	300	91½	92	−0½	−0½	12.08

Average price changes... On day −0¼ on week −0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	101⅞	102½	+0⅛	−0⅛	8.66
Australia 8½ 90	250	101¼	102	−0½	−1	7.86
BFCE 7¾ 87	100	98½	99¼	−0½	−1⅛	7.97
BFCE 8⅛ 85	100	99⅜	100⅛	−0⅛	−0⅝	8.16
Brazil 8 87	150	89	89¾	−0⅛	−3⅜	10.21
Council of Eur. 7¾ 89	100	95⅛	95⅞	0	0	7.89
Denmark 7⅞ 86	100	97⅞	98⅝	−0⅛	−0½	8.27
Denmark 8¼ 92	100	99⅜	100⅛	−0⅛	0	8.27
EEC 7⅞ 94	225	97⅜	98⅛	−0⅛	−1	8.14
Finland Rep. of 8 86	150	99¼	100	−0⅛	−0⅜	8.06
Iberduero SA 9 90	100	98½	99¼	+0⅞	0	9.17
Kobe, City of 7¾ 89	150	94¾	95½	−0½	−1	7.95
Kobe, City of 8 90	100	99⅜	100⅛	0	−0½	8.03
Mr. Bk. Denmark 8½ 90	150	99⅜	100	+0⅛	−0⅜	8.55
Norway 7½ 85	250	99⅝	100⅜	−0⅛	−1	7.48
OKB 7⅜ 89	100	95⅛	96	−0⅛	−0⅛	8.07
OKB 8⅝ 92	150	99⅞	100⅝	+0½	−0⅝	8.21
Oslo, City of 8¾ 90	80	102⅜	102⅞	−0⅛	+0⅞	8.33
Sweden 9¼ 87	200	107⅜	108⅛	0	0	8.17
World Bank 8 90	700	98⅞	99⅝	0	−0⅛	8.11
World Bank 7⅞ 90	250	97½	98¼	−0⅛	−1⅛	8.20
World Bank 10 88	150	107½	108¼	−0⅛	−0⅝	8.19
World Bank 10 90	200	111⅛	111⅞	−0⅛	−0⅛	8.22

Average price changes... On day −0⅛ on week −0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	91⅛	91½	−0¼	−0½	6.83
Bergen, City of 4¾ 91	40	†92	92½	+0⅛	−1½	5.72
Bergen, City of 6 90	50	101½	101¾	−1	−2	6.77
BNDE 5 89	75	83¼	83¾	−0⅛	−0½	7.66
BMW Overseas 4¾ 91	100	92⅝	92⅞	0	0	5.12
Buhrm'n-Tetterode 7 90	40	104	104½	+0⅛	−1¼	6.41
Caisse Nat. Tele. 4¾ 89	100	93½	93¾	−0½	−0½	5.28
Copenhagen 4½ 91	50	†87	87½	+0¼	−0⅞	6.12
Council of Eur. 5 89	100	94¾	94⅞	−0¼	−0⅜	5.76
Denmark 5¾ 90	20	99⅝	100	+0⅛	−0⅝	5.78
EIB 4½ 94	100	†85	85½	−1½	−1⅛	5.96
Elet. de France 4¾ 89	100	94	94½	0	−0⅛	6.21
F. G. H. Hypo. Bk. 5 90	50	†103	103½	−0½	−1⅛	5.56
GZB 4¼ 89	100	87¼	87½	−0⅞	−2⅞	6.09
Hilti 4½ 91	35	92½	92¾	−1⅛	−1⅞	5.13
Int.-Amer. Dev. 4½ 89	100	89⅝	89⅞	−0⅛	−2¼	6.01
Int.-Amer. Dev. 7 90	80	105	105¼	−0⅛	−0½	6.27
Jutland Tele. 5½ 90	50	98	98¼	+0¼	−0⅝	5.76
Malaysia 5 89	80	87½	87¾	−0⅛	−1	6.87
Nawag 5⅜ 90	80	100	100½	0	−1½	5.73
Nippon Tel. & T 4¼ 89	100	†92½	93	−0⅛	−1⅞	5.27
Nordic Bank 5 89	45	94	94¾	−1⅛	−1⅛	5.86
Norges Komm. 4¾ 91	100	87½	88	−0⅞	−2½	5.91
OKB 4¾ 91	100	87⅛	87½	+0⅛	−4½	5.96
OKB 6 90	100	100⅝	100⅞	+0⅛	−1⅞	5.92
Oslo, City of 4¾ 91	100	86½	86⅞	−1⅛	−1⅛	6.06
Sekisui Pre. Hms. 6 90	80	102¾	103	+0¼	−0⅛	5.81
Shikoku El. Pwr. 4¾ 89	100	92½	92¾	−0½	−1⅞	5.83
World Bank 4⅝ 89	100	†95	96	−0⅛	−0½	5.27
World Bank 4⅝ 89	150	88	88⅝	−0⅛	−2⅜	6.12
World Bank 4⅝ 91	100	87⅜	87⅝	+0¼	−2⅝	6.20

Average price changes... On day −0⅛ on week −1½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	93¼	−0⅛	−0⅛	8.43
Australia 6½ 88	20	88	89¼	0	0	8.61
EIB 7⅜ 89	12	98⅜	99⅛	+0⅛	+0⅜	8.19
Finland 5.8 83	10	91⅜	92⅝	−0⅛	−0⅛	8.68
Finland 6.8 88	10	88⅛	89⅜	0	−0½	8.92
Finland, Rep. of 8⅜ 87	15	97	98	−0½	0	8.87

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	92⅛	92¾	−0⅛	−1	12.57
CIBC 13½ 85 C$	50	†100½	101	−1½	−1	13.23
CIBC 11½ 85 C$	80	†95½	96	0	0	12.70
Federal Dev. 11½ 90 C$	80	†91½	92	−2	−1	13.02
Fst. Can. Inv. 10 84 C$	50	*†92½	93	+0½	0	12.52
GMAC 12 85 C$	50	*†97½	98	0	0	12.62
R. Bk. Canada 10 85 C$	40	92⅜	92⅞	+0¼	0	11.82
Tordom Cpn. 13½ 85 C$	30	†100½	101	−1½	−0⅛	13.23
M. Bk. Dnmk. 9 91 EUA	25	93⅞	95⅛	0	0	9.82
SOFTE 8¾ 89 EUA	40	88¼	89½	0	+0⅛	10.24
U. Bk. Nrwy. 9½ 90 EUA	18	99	100¼	−0⅛	0	9.54
Algemene Bk. 8¼ 84 Fl	75	95⅝	96⅛	−0¼	−0⅜	9.52
Algemene Bk. 10¼ 87 Fl	400	100	100½	0	−0½	10.19
Bk. Mees & H. 10 85 Fl	75	99	99½	−0⅛	−0½	10.19
Heineken NV 10 87 Fl	75	99⅞	100⅜	−0¼	−0⅛	9.96
Norway 8¼ 84 Fl	100	96⅛	96⅝	−0¼	−0⅛	9.35
Philips Lamps 8¼ 84 Fl	75	95⅝	96⅛	−0⅛	−0⅛	9.71
Aero Paris 13⅞ 87	150	99⅝	100⅛	0	0	13.12
Air France 11 84 FFr	120	96⅜	97⅜	0	0	11.93
CECA 14¼ 86 FFr	150	106⅜	106⅜	−0⅛	−0¼	12.67
Finland 11 84 FFr	80	93⅛	94⅛	−0⅛	−1⅞	12.90
Finland 11½ 89 FFr	70	93	94	0	−0½	12.73
Gaz de France 11 84 FFr	150	95⅜	96⅜	−0⅛	0	12.29
IBM France 11⅞ 84 FFr	120	95½	96½	−0½	−1⅝	13.09
Renault 9⅞ 85 FFr	100	88¼	89¼	−0⅛	−0⅛	13.08
Solvay et C'ie 9¾ 87 FFr	125	85	86	−0⅛	−0¼	13.12
Utd. Mex Sts. 14 85 FFr	150	100⅜	101⅜	0	−0½	13.69
Beneficial Fin. 14¼ 90 £	20	98¼	99⅛	−0⅛	0	14.51
Citicorp O/S 13½ 90 £	50	99⅛	98⅞	−0⅛	+0¼	13.75
EIB 11½ 91 £	25	90¼	91	−0¼	−0½	13.15
Fin. for Ind. 12½ 89 £	30	95	95⅞	−0⅛	−0⅛	13.40
Fin. for Ind. 14½ 88 £	20	100⅞	101⅜	0	0	14.17
Gen. Elec. Co. 12½ 89 £	50	95⅞	96⅝	−0¼	−1⅛	13.22
Peugeot SA 14 90 £	23	98	98½	−0¼	−0⅛	14.33
Swed. Ex. Cr. 15¼ 85 £	20	102½	103	0	−0⅛	14.32
Benobras 8¾ 90 KD	7	†94⅛	94⅞	0	−0⅛	9.10
CCCE 8⅛ 91 KD	10	†94¼	94⅜	0	+0¼	8.96
Sonatrach 8½ 90 KD	12	†93¼	93⅜	0	−1½	9.57
Akzo 9⅛ 87 LuxFr	500	94⅜	95⅜	−0⅛	−0½	10.23
Euratom 8 87 LuxFr	500	88½	89½	−0½	−0⅜	10.37
Euratom 9¾ 88 LuxFr	500	98¼	99¼	−0⅛	0	9.98
EIB 9¼ 88 LuxFr	600	98⅜	99⅜	0	−0⅛	9.90
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	−0⅛	0	10.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅜	98¼	2/1	10.44	10.65
Bank of Ireland 5⅞ 89	‡0¼	97⅜	98⅛	21/11	11⅛	11.62
Bank of Tokyo 5¼ 89	‡0¼	96⅝	97⅛	25/10	9¼	9.55
Barclays O/S Inv. 5 90	0¼	96¾	97¼	13/12	9⅜	9.92
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96½	97¼	29/11	10.06	10.39
Citicorp O/S F. 83	§‡0	99	99½	23/11	11.44	11.52
Citicorp O/S F. 84	‡0	98⅝	99⅛	30/8	9¼	9.86
C. Itoh 5¼ 87	0¼	99⅛	99⅝	18/9	19.44	19.56
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97¼	97¾	14/9	9.44	9.68
CNT 5¼ 86	§0¼	99⅞	100⅜	16/10	18⅛	18.10
GZB 5½ 89	‡0¼	97½	98	1/11	9.81	10.04
Jugobanka 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¼ 87	0¼	99¼	99¾	15/10	18¾	18.84
Lloyds Eurofin 8 90 £	0¼	96⅛	96⅝	3/1	15¾	16.34
LTCB Japan 5¼ 86	0¼	97¼	98¼	13/12	9⅝	9.82
LTCB Japan 5½ 89	0¼	97½	98	7/12	10⅛	10.36
Mfrs. Han. O/S 5¼ 94	‡0¼	97⅜	97⅞	31/8	9⅞	10.12
Midland Intl. Fin. 5 89	0¼	97⅛	97⅝	20/12	9½	9.76
Midland Intl. Fin. 5¼ 92	0¼	97⅛	97⅝	5/12	10⅞	11.17
Nacional Fin. 6⅛ 88	0¼	97¼	97¾	25/1	9.69	9.94
Nat West 5¼ 94	§0¼	98⅞	99⅜	11/10	18⅛	18.79
Nippon Credit 6½ 86	0⅛	97¼	97¾	12/1	9.58	9.81
Nippon Credit 5¼ 87	‡0¼	97⅞	98⅜	6/11	10⅞	11.08
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅜	98⅞	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	99	99½	3/10	20.06	20.21
Standard Chart. 5¼ 90	0¼	98⅜	99⅛	6/9	17⅛	17.45
Svenska Hndlsbk. 5 87	0¼	97⅜	98⅛	15/1	10	10.20
Sweden 8¼ 91	‡0¼	95⅞	96⅜	18/10	9.56	9.95
Williams & Glyn 5¼ 91	0⅛	98⅜	98⅞	14/9	18½	18.78
Bq. S. d'Alg. 4¾ 88 SF	0⅛	89⅜	90	18/12	6⅛	6.82

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†115	116	−3	−3.93
Ajinomoto 7⅜ 95	2/80	616.5	115½	116½	−0⅞	−5.57
Alco Int. Fin. 9½ 94	1/80	40	†94½	95½	+0⅛	17.36
Apache I. Fin. 8¾ 95	12/80	21.12	†117	118	+4¾	−7.66
Asahi Optical 7 94	11/79	526.1	†95½	96½	−2⅛	−3.80
Blocker Energy 8¾ 95	1/81	21.87	†98	99	+4	7.73
Canon 6⅞ 94	8/79	570	†109½	110½	−3½	0.02
Credit Suisse 4¾ 93	10/79	1278	107	109	0	−2.44
Daiei Inc. 6½ 94	11/79	927.3	†98	99	0	20.84
ODKK 11 90	4/80	324	†102½	103½	−2⅛	11.06
Dynalectron 9½ 95	8/80	12.22	†105½	107½	−1	−5.35
Ensearch Fin. 9½ 94	7/80	30.25	125½	126¾	+0⅝	−0.88
Inchcape Ltd. 8 95	2/81	4.55	101	101¾	+0½	0.48
Meidensha Elec 7 94	12/79	210	†100	101	−1⅛	3.02
MEPC 8¼ 95	2/81	2.47	104⅜	105⅜	−0⅛	7.66
Mitsubishi Co. 6½ 94	10/79	549.1	†129	130½	+2½	0.89
Ricoh 6⅞ 95	8/80	604	101½	102½	+0½	4.81
SBC 6¼ 90	9/80	200	99¼	100¼	0	6.55
Toshiba Cpn. 7¼ 94	10/79	198	†104	105	+0½	−3.07
Union Bk. Switz. 5 89	2/80	121.4	99	101	0	4.27
Fujitsu 5 84 DM	7/79	475	106⅜	107⅛	−0⅞	1.17
Sharp Cpn. 6½ 88 DM	9/80	595	104¼	105	−0½	1.11
Uny Co. 6½ 85 DM	11/79	1071	98⅝	99⅜	−0⅛	20.90

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

COMMERCIAL SHEARING	1980 $	1979 $
Third quarter		
Revenue	55.5m	61.3m
Net profits	3.3m	4.24m
Net per share	0.40	0.52
Nine months		
Revenue	146.9m	179.9m
Net profits	10.67m	13.47m
Net per share	1.29	1.64

COMMONWEALTH EDISON	1980 $	1979 $
Year		
Revenue	2.97bn	2.62bn
Net profits	209.4m	242.4m
Net per share	2.28	2.96

DUPLEX PRODUCTS	1980 $	1979 $
Third quarter		
Revenue	49.3m	45.1m
Net profits	2.74m	2.61m
Net per share	0.73	0.86
Nine months		
Revenue	147.3m	129.5m
Net profits	8.19m	7.05m
Net per share	2.25	2.33

HANDLEMAN	1980 $	1979 $
First quarter		
Revenue	44m	48.1m
Net profits	1.38m	1.7m
Net per share	0.31	0.38

H. & R. BLOCK	1980 $	1979 $
First quarter		
Revenue	22.4m	15.1m
Net profits	†1.71m	†1.41m

† Loss

LONGS DRUG STORES	1980 $	1979 $
Second quarter		
Revenue	212.6m	187.6m
Net profits	7.32m	6.66m
Net per share	0.69	0.63
Six months		
Revenue	414.8m	359.1m
Net profits	13.46m	12.68m
Net per share	1.27	1.20

MOHAWK DATA SCIENCES	1980 $	1979 $
First quarter		
Revenue	55.54m	51.32m
Net profits	3.81m	3.1m
Net per share	0.42	0.34

OKLAHOMA NATURAL GAS	1980 $	1979 $
Year		
Revenue	840.4m	670.7m
Net profits	40.12m	33.47m
Net per share	3.80	3.30

WESTVACO	1980 $	1979 $
Third quarter		
Revenue	349m	324m
Net profits	20m	23m
Net per share	1.20	1.36
Nine months		
Revenue	1.04bn	879m
Net profits	61m	49m
Net per share	3.60	2.90

Sharp gain in first half for Dutch papermaker

By Our Financial Staff

BUEHRMANN - TETTERODE, the Dutch paper, packaging and publishing group, reports a 35 per cent rise to Fl 27.7m ($14m) in pre-tax profits for the first half and expects a considerably higher result for the full year.

The company has been aided by strong sales growth and a reduction in losses at its Belgian paper-making plant. Having incurred a net loss of Fl 10.7m for the whole of 1979, the Belgian subsidiary should finally breakeven during the final quarter of this year.

Sales for the six months are 25 per cent higher at Fl 1.2bn with all three divisions contributing to the upturn. In paper and board manufacturing, sales rose by a fifth including a gain in volume of around 6 per cent.

Gross operating results were Fl 62.3m compared to Fl 39.6m. Interest charges rose from Fl 19.1m to Fl 34.7m and the taxes rose Fl 3m to Fl 11.7m. At the net level, profits emerged 24 per cent ahead at Fl 20.7m.

Buehrmann said that capital spending during the half year compares roughly with its charge for depreciation which rose by 14 per cent to Fl 33.0m.

Recession bites at Bayer during second quarter

BY KEVIN DONE IN FRANKFURT

BAYER, one of the leading West German chemicals companies, is suffering increasingly from stagnating domestic and foreign demand.

Last year's strong growth of group profits and sales carried through to the end of the first quarter but has been overtaken by the mounting recession in important world markets.

Sales volume in the second quarter fell below last year's high level with a particularly sharp decline in June. As a result the after-tax profits of the parent company declined in the second quarter by 14.4 per cent to DM 231m ($130m) from DM 270m a year earlier.

The group's performance in the first half, however, was boosted by the strong growth in the first quarter. Group sales worldwide increased by 13.4 per cent to DM 15.1bn, while group pre-tax profits were up by 13.6 per cent to DM 920m.

Bayer's group performance has also been helped by the substantial recovery made by its 60 per cent-owned subsidiary, Agfa-Gevaert. The German/Belgian photographic products group, hit by the rocketing silver price and stiff competition, reported a loss of DM 116.9m last year.

In the first six months of 1980, however, product price increases and cheaper silver has allowed Agfa-Gevaert to make up much of the lost ground.

Bayer's worldwide operations have been hit by the gathering recession, however, in the second quarter. Group sales from April to June were up by only 4.9 per cent to DM 7.5bn. In the first quarter sales were up 23.4 per cent.

The contrast between Bayer's performance in the first and second quarters has already been mirrored in the results of the other major West German chemical groups, Hoechst and BASF.

Sales by the parent company were up by 10.3 per cent in the first six months of 1980, but in the second quarter the increase was only 2 per cent above the corresponding period of 1979.

Despite the boost given by price increases, the Bayer parent company saw not only the volume but also the value of sales in the domestic market fall by 2 per cent in the second quarter. Exports still managed a small rise of 4.2 per cent, however, with the result that foreign sales accounted for 63 per cent of the parent company's total in the second quarter against 61.6 per cent a year earlier.

Parent company pre-tax profits in the first half of 1980 rose by 6.7 per cent to DM 507m. But falling demand means that plants are having to operate at less efficient rates. As a result parent company pre-tax profits plunged by 14.4 per cent in the second quarter.

Elf and Total in chemical deal

BY DAVID WHITE IN PARIS

FRANCE'S TWO major oil companies have finally worked out an agreement on sharing the heavy chemical interests being sold by the Rhone Poulenc group. The FFr 1.75bn ($420m) worth of assets, which Rhone-Poulenc agreed seven weeks ago to sell to the state-controlled Elf-Aquitaine oil group, are to be brought into a new company in which Compagnie Francaise des Petroles — the Total group — will hold 50 per cent.

The settlement is the result of intensive talks following a public demand by Total to be given an equal interest in the acquisition. The two oil groups pooled their petrochemical interests in 1971 in a 50-50 venture, Ato-Chimie, and agreed then to offer each other shares in any new expansion in the sector.

Total had warned against the threat of "insidious nationalisation" if Elf kept control of the new interests.

Its success in maintaining an equal position can be seen in the light of the recent top management shake-up at Elf-Aquitaine and the row between the Industry Ministry and M. Albin Chalandon, Elf's chairman. Last month, M. Chalandon was ousted from his post as head of Erap, the company which holds the State's 67 per cent shareholding.

The results of the Irish industrial group, Cement-Roadstone, are to be found on Page 20. From today Irish corporate news will appear on the UK company news pages

The Government, which also has 35 per cent of Total, clearly lent a sympathetic ear to Total's request.

The former Rhone-Poulenc activities will not, however, be brought directly into Ato-Chimie, as was originally expected. Under the July deal, Rhone-Poulenc is to keep a 20 per cent stake in this side of its business. Total will now pay for half the 80 per cent that Elf was to have had.

However, managers from Ato-Chimie are to be brought into the new company and at a later stage it is thought that the two may be welded together into one big petrochemical unit.

The new assets, which include virtually the whole of Rhone-Poulenc's polyvinyl chloride (PVC) production cycle and part of its interests in chlorine, represent current annual sales of around FFr 5bn. This compares with Ato-Chimie's 1979 sales of FFr 7.9bn.

The new company will be the British Petroleum group's partner in Naphtachimie, a petrochemical unit up to now controlled by Rhone-Poulenc. BP's French subsidiary recently agreed to raise its stake in Naphtachimie to 50 per cent.

Brown Boveri margins weaken

BY OUR FRANKFURT CORRESPONDENT

BROWN BOVERI, the West German subsidiary of the Swiss engineering group, is experiencing heavy pressure on profit margins.

In an interim report published yesterday the company admits that the stiff competition in both domestic and foreign markets meant that cost increases for both materials and labour could not be passed on in higher product prices.

Rationalisation measures already completed have not been enough to halt the decline in profitability and Brown Boveri warned that further re-structuring steps would be necessary.

New orders taken in the first six months fell 1 per cent below the level achieved in the same period last year at DM 2.17bn ($1.2bn), but the new work has been spread unevenly among the group's various activities.

Working in the company's switchgear and electric motor plants has fallen to a low level, and short-time working has been introduced at BBC's electric motor plant at Saarbrücken.

Group sales have registered a modest increase of 5 per cent in the first six months, however, to DM 1.76bn compared with DM 1.67bn in the same period last year.

About 44 per cent of sales were made in foreign markets while turnover from process plant sales has more or less stagnated in the first half.

Despite the increase of 5 per cent in sales in the first six months, Brown Boveri is expecting little improvement overall in 1980 over last year's turnover of DM 3.97m.

Recovery continues for Swedish shipping group

BY WESTERLY CHRISTNER IN STOCKHOLM

SALENINVEST, the Swedish shipping group, reports consolidated earnings of SKr 119m ($28.2m) for the first half of 1980. This represents a further recovery from the loss of SKr 13m a year earlier and profit of SKr 11m for 1979 as a whole.

However, SKr 108m of the first-half profit was extraordinary income, including SKr 107m from the tax-free transfer of shares in J. S. Saba, a produce importing firm. Salen held a 40 per cent interest in Saba.

Group sales to the end of June were SKr 1.7bn, up SKr 505m against SKr 2.7bn for the last full year. Sales of ships during the first half resulted in income of SKr 66m.

For the second half Salen expects no overall pre-tax earnings because of a "weak" tanker market and seasonally depressed demand in the refrigerator ships market. But it still expects the group result to improve over last year's. The management are more optimistic than at the beginning of this year.

Tanker activities resulted in a loss during the first half, while the result for the dry cargo operation was described as "very good." Tor Line, the Gothenburg-based passenger/car ferry operation, also showed a loss for the period. No figures were given. The Toyota Auto-import subsidiary was sold for SKr 10m.

● Fagersta, the Swedish special steels group, more than doubled its pre-tax earnings during the first half to SKr 77m ($18.2m) from a year earlier.

Fagerstar estimated that Sweden's spring labour strike reduced the result by SKr 8m-10m while continuing start-up problems at a new smelting unit for crude iron production also reduced the profit.

Group sales were SKr 1.16bn at the end of June, up 26 per cent. The group order book totalled SKr 1bn, against SKr 996m a year ago, reflecting the effect of both the labour conflict and dampened demand from the U.S.

Group profit for the full year is expected to reach SKr 85m-95m, compared with SKr 71.6m last year. Sales are forecast to reach SKr 2.1bn against SKr 1.89bn.

Labour strife causes loss at Svenska Flakt

By Our Stockholm Staff

SVENSKA FLAKT, the Swedish industrial ventilation and pollution control group, posted a pre-tax loss of SKr 2.4m ($568,000) for the first six months, compared with a profit of SKr 1.9m a year earlier.

While the Swedish labour strikes in May cost Fläkt an estimated SKr 10m, the result held up to an April forecast by Mr. Bengt Berg, managing director that the group expected a weak first half for both earnings and sales. Group sales reached SKr 1.6bn ($384.7m), compared with SKr 1.39bn.

For the full year Flakt is sticking with its forecast of improved earnings and sales compared with 1979. Last year, Flakt reported pre-tax earnings of SKr 109.6m on sales of SKr 3.4bn. The second half is usually stronger for Flakt because it invoices most construction and contracting orders just before year-end.

Group order inflow from January to June increased by 26 per cent to SKr 2.35bn, and it predicts it will surpass the 1979 total of SKr 3.95bn. Order backlog reached SKr 4.5bn, against SKr 3.7bn.

Statoil swings into the black

BY FAY GJESTER IN OSLO

STATOIL, Norway's state oil company, which expects to show its first full-year profit this year, reports group pre-tax profit after extraordinary items of NKr 51.3m ($10.5m) in the first half. Group external sales reached NKr 3.6bn.

The result was achieved despite a six months' loss of NKr 40m at Norol, Statoil's refining and marketing subsidiary. Statoil raised its stake in Norol from 15 per cent to 73.63 per cent on January 1.

Statoil, until now in the investment and development phase, reported a net loss for the whole of last year, after financial costs and depreciation, of NKr 217m. The move into profit is coming somewhat earlier than expected because of the steep rise in oil prices.

Statoil's main source of income is its 44.44 per cent stake in the Anglo-Norwegian Statfjord field. Oil output from Statfjord reached nearly 1.3m tonnes in the first half.

● Norske Skogindustier, a Norwegian producer of paper, pulp, chipboard and sawn timber, reported net profit before extraordinary items of NKr 25m for the first half, down from NKr 32m a year earlier. Turnover rose to NKr 713m from NKr 612m. Product prices have not kept pace with the steep rise in costs, particularly of labour and logs, the company said.

Results for the whole of the year are expected to be slightly below those for 1979.

● Kvaerner Industrier, parent of the Norwegian Kvaerner engineering and shipbuilding group, is asking shareholders to approve an increase in share capital to NKr 130.5m from NKr 104.6m.

The money will be raised through a one-for-four rights issue and the new shares will be entitled to the full 1980 dividend. Subscription lists will be open from September 26 to October 10.

Kvaerner, which has won several major offshore fabricating contracts including the deck for the Statfjord field's second platform, made a group profit last year of NKr 109.3m, up NKr 28.3m from a year earlier. External sales, at NKr 2.5m were up 15 per cent.

South Australia plans deal to take control of SA Gas

BY JAMES FORTH IN SYDNEY

THE SOUTH AUSTRALIAN Government has introduced legislation to give it clear control of the South Australian Gas Company, which is a distributor of gas in the state. It is to enable the Government-owned State Government Insurance Commission (SGIC) to take up about 1 per cent of the capital of SA Gas for A$140,000 (U.S.$162,000), but to control more than 50 per cent

This follows the failure of legislation introduced early last year to limit the size of shareholdings and voting rights in the company, to only 5 per cent. This was designed to prevent associates gaining control of the company.

There was heavy trading in the shares of SA Gas in June, during which the price jumped from A$1 to a peak of A$9.80, with more than 20 per cent of the capital changing hands.

The market surge was related to publicity given to the fact that SA Gas and the SA Government jointly own an 18 per cent interest in the Cooper Basin natural gas and liquids fields, which supply Adelaide and Sydney with natural gas. The interest is held through South Australian Oil and Gas Corporation (SAOG), in which SA Gas holds 51 per cent of the capital but the Government has the voting rights.

Investors were attracted by the market valuations placed on other Cooper Basin participants.

Based on the A$700m market capitalisation of the major partner, Santos, the SA Gas stake of 9 per cent of the Cooper Basin has an imputed value of A$130m or A$70 an SA Gas share. But SAOG is valued in the SA Gas accounts at only A$25,500.

The Government proposes that SGIC should take up 20,000 SA Gas class B shares at yesterday's closing Adelaide price of $A7, each carying 100 votes. There are 1.95m issued A shares having one vote a share, which means that the SGIC would have slightly more than 50 per cent of the total voting power.

The Government said that as well as the share issue, three other changes to the Gas Company Act were proposed to ensure that the company's status as a utility was preserved. These were a strengthening of the provisions relating to the enforceability of the 5 per cent shareholding limitation; a stipulation that SA Gas should not sell or otherwise deal with the shares it holds in SAOG without the consent of the Treasurer; and that any changes to the company's objectives agreed on by shareholders should also require Ministerial approval.

The Government said the Bill was designed to ensure that the SAOG was not seen purely as a vehicle for the essential and costly exploration activity. It was essential that the management and expertise of the gas company be directed to ensuring that the State's needs for energy in the form of reticulated-natural gas were met as efficiently and responsibly as possible.

Downturn in second half for Repco

By Our Sydney Correspondent

THE DOWNTURN in the Australian motor vehicle industry was largely responsible for Repco, the major automotive parts group, suffering a 23.6 per cent setback in profit for the year to June, from A$23.4m to A$17.9m (U.S.$20.7m). The downturn accelerated in the second half after a marginal increase in the first. Earnings dropped by 45 per cent in the final period from A$11.8m to A$6.3m. Group turnover for the year rose by 7 per cent from A$397m to A$424m.

The final dividend is reduced from 5 cents a share to 4.5 cents, but the interim payout was raised from 4 cents to 4.5 cents, and the total for the year is thus held at 9 cents. Earnings per share fell from 19.2 cents to 14.5 cents.

The directors attributed the setback to a sharp decline in the production of new motor vehicles, which affected original equipment; hesitancy in the second-hand vehicle market, which hit the parts activities; heavy establishment expenses associated with the start up of a large new universal joints factory in Singapore; and industrial unrest, particularly in the second half.

The current year has started well, other than for original equipment, and profit for the full year will depend upon a continuation of improved after-market sales and an improvement in the original equipment market.

Marginal increases for Sime Darby subsidiaries

BY WONG SULONG IN KUALA LUMPUR

KEMPAS (Malaya) Berhad, the second biggest plantation subsidiary of Sime Darby Berhad after Consolidated Plantations, lifted pre-tax profits by only 5.3 per cent to 33.7m ringgit ($15.7m) for the year to June.

Earnings during the second half were severely eroded by the sharp fall in palm oil prices and substantial increases in costs, particularly of labour and fertilisers. First-half profits were 12 per cent higher at 19m ringgit.

The group benefited from a lower tax charge this year, but this was offset by a lower surplus from extraordinary items so that net profits attributable to Kempas shareholders were 27.5m ringgit, or 5.3 per cent higher than for 1978-79.

The results do not include the recent sale of 29.4m shares of Highlands and Lowlands to Permodalan Nasional, for 74.97m ringgit, which produced a profit of 49.95m ringgit for Kempas.

A final dividend of 18 cents is declared making 32 cents for the full year compared with 30 cents previously.

The results of two other Sime Darby rubber subsidiaries, Benta and Taiping Consolidated, have also been released and the results of the Sime Darby group, Consolidated Plantations, and Tractors Malaysia Berhad will be released today after the Sime board has met.

Benta Plantations raised pre-tax profits from 7.43m ringgit to 7.84m ringgit on sales up from 29.33m ringgit to 33.26m ringgit. Earnings per share rose from 29.9 cents to 36.6 cents and the dividend is held at 15 cents.

At Taiping Consolidated, sales were down from 3.15m ringgit to 2.73m ringgit, but pre-tax profits were marginally higher at 616,000 ringgit compared with 605,000 ringgit. With lower tax and extraordinary credits up from 34,000 ringgit to 191,000 ringgit, earnings show an increase from 17.1 cents to 23 cents and the dividend is again 15 cents.

The Kempas results indicate that Sime's plantations division will contribute less to the group's profit, which is nevertheless expected to show a good growth rate due to the strong performances of its Hong Kong and Singapore operations as well as tractors.

Kempas, which own 42,500 acres of oil palm and rubber, with a small area under cocoa, had a normal production year as far as plm oil was concerned, although rubber output was down due to replanting.

Its subsidiary, Kempas Edible Oil, which underwent an expansion late last year, increased its refining volume from 50,000 tonnes to 104,000 tonnes. However, its contribution to the group's earnings was not as significant as expected because of depressed prices of refined palm oil and a squeeze on margins arising from increased costs.

Australian purchases by Central Sugars

By Our Kuala Lumpur Correspondent

CENTRAL SUGARS, the Malaysian sugar refining and investment group, has announced major purchases in two West Australian based companies. It has taken a 14 per cent stake in Peters Ice Cream for A$1.78m (US$2.1m) through the purchase of 1.54m shares on the open market, and it has acquired a 50 per cent stake in Centre Plaza through the purchase of 525,000 shares of A$1 each at an undisclosed price.

Centre Plaza owns a prime piece of property in Perth which it intends to develop into an international class hotel cum office block. Both purchases have been approved by the Australian authorities. Central Sugars paid an average of A$1.15 per share for Peters Ice Cream, which is well below its net asset value of A$1.52.

Peters Ice Cream was established in 1929. Apart from ice cream, it is involved in grocery and confectionery and has substantial investments in warehousing and distribution facilities.

Central Sugars is controlled by Datuk Khoo Kay Peng. Like other companies under his control, Central Sugars shares have been actively traded and their price has risen from around 4 ringgit early in the year to over 10 ringgit at present.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	28.8.80	19.8.80	AVERAGE YIELD	28.8.80	19.8.80
DM Bonds	97.02	97.37	DM Bonds	8.212	8.143
HFL Bonds & Notes	94.62	94.99	HFL Bonds & Notes	9.731	9.648
U.S. $ Strt. Bonds	88.18	89.48	U.S. $ Strt. Bonds	11.620	11.353
Can. Dollar Bonds	91.06	92.47	Can. Dollar Bonds	11.869	11.611

APPOINTMENTS

Sir John Greenborough joins Lloyds Bank

Sir John Hedley Greenborough has been appointed to the boards of LLOYDS BANK from September 1. He has also been appointed a regional director on the Greater London Regional Board of the Bank.

Sir John, who in May gave up the presidency of the Confederation of British Industry, is a former chief executive and deputy chairman of Shell UK. He is currently chairman of Newarthill (Sir Robert McAlpine Group); a director of The Bowater Corporation and chairman of the governing board of Ashridge Management College.

★

Mr. Frank C. Bumb has been appointed president of KENNEDY COMPANY, taking over the activities of company founder Mr. Charles J. Kennedy, who remains as chairman of the computer peripheral manufacturer. Previously, Mr. Bumb was president of the data tape division of Bell and Howell in Pasadena.

★

Mr. D. J. Venn has been appointed a director of LONDON BRICK COMPANY.

★

Mr. F. Vincent Prus has been elected president and chief executive officer of GOODYEAR AEROSPACE CORPORATION, a subsidiary of the Goodyear Tyre and Rubber Company. He succeeds Mr. Morris B. Jobe, who has retired.

★

Mr. Samir S. Abdul-Ahad, a departmental manager of the IRAQ INSURANCE COMPANY, from the head office has been appointed manager of the company's contact office in London in succession to Mr. Kays M. Al-Mudaries.

★

MARKETING IMPROVEMENTS has formed a new company in Singapore, MI Asia Pacific Pte., to service more effectively the growth economies of South East Asia and the needs of multinational clients. Mr. Christopher J. Burrows has been appointed director and general manager resident in Singapore. Mr. Alastair W. Duncan has been appointed regional manager, Asia Pacific and will transfer to Singapore from September 1.

★

Mr. Desmond C. Adcock has been appointed to the Board of KEELER HOLDINGS as financial director.

★

Mr. Jim Muscatt, formerly creative director of Saward Baker, has joined MARSTELLER as creative director and a member of the Board.

★

Mr. J. R. Neville has been appointed assistant director of finance, BRITISH GAS CORPORATION.

★

GRINDLAY BRANDTS INSURANCE BROKERS, a subsidiary of Grindlays Bank, has formed a new division to handle the insurances of financial institutions. Mr. Jeffrey Funnell has been appointed a director of Grindlay Brandts Insurance Brokers and managing director of the financial institutions division. Mr. P. Milton and Mr. S. Kelman have also been appointed directors of this new division.

★

Mr. Barry de Lobel has been appointed engineering director of systems house STAR COMPUTERS.

★

Mr. Peter N. Gallifant has been appointed an associate director of WIGHAM POLAND REINSURANCE BROKERS.

★

Mr. Bryan J. Ellis and Mr. David M. Martin have been appointed to the Board of MAYNARDS from September 1. Mr. Ellis is currently managing director of Zodiac (Toys) (a group company). Mr. Martin is currently group secretary and a director of both the manufacturing and retailing divisions.

★

Mr. Michael D. Collins has been appointed group managing director of INTERMED (INTERNATIONAL MEDICAL SUPPLIES AND SERVICES), UK based international health-care group, a subsidiary of Thomas Tilling.

★

Mr. Peter Richardson has been appointed secretary-general of the CONFEDERATION OF BRITISH WOOL TEXTILES, Bradford, following the resignation of the director-general, Mr. John Parr, who will not be replaced. Mr. Richardson will assume responsibility for the general administration and financial affairs of the CBWT while retaining his duties as commercial director.

★

RADIO FORTH'S programme controller, Mr. Tom Steele, has been made a director of the company.

★

Mr. J. P. Crossley, executive chairman of Carpets International (Northern), has also been appointed chairman and managing director of CARPETS INTERNATIONAL, following the decision of Dr. E. J. McIver, who joined the Board in 1979, to leave the company to pursue other interests. By mutual agreement, from September 1, Dr. McIver will relinquish his duties and resign his directorships, which include the managing directorship of Carpets International (Northern).

★

Mr. George Testa has been appointed to the Board of WILTSHIERS to lead the consolidation and extension of its fee and management contracting services.

★

Mr. Gerald H. Eaton Hart has been appointed managing director of STAR ALUMINIUM COMPANY. He succeeds Mr. D. Fredjohn who continues as managing director of Alusuisse (UK), of which Star Aluminium is a wholly-owned subsidiary.

★

Mr. Arthur E. Knowles, pipelines engineer to BRITISH GAS since 1971, has been appointed pipelines adviser.

★

Mr. Ken Somerville, general manager of LASERGAGE, has been elected to the Board.

★

Mr. W. B. "Bill" Murphy has been appointed to the Board of STAR OFFSHORE SERVICES.

★

Mr. David Cranston has been appointed director of finance for the NORTHUMBRIAN WATER AUTHORITY and succeeds Mr. Leslie Phillips who retires at the end of August.

★

Mr. John B. Curcio has been elected president and chief operating officer of MACK TRUCKS INC., U.S., one of the Signal companies.

★

Mr. Rolf Beeler is, on April 1, 1981, to succeed Dr. K. Meier as a central manager of SWISS VOLKSBANK, Berne.

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound rises

Sterling rose to a new five and a half year high in currency markets yesterday, with demand increased by the latest North Sea oil find. The pound's trade weighted index, which measures its performance against a basket of currencies, rose to 76.2 compared with 75.8 on Tuesday. It stood at 76.1 at noon and 76.0 in the morning. Against the dollar it opened at $2.3800-2.3810, which was to be the lowest level seen during the day. It reached $2.3825, and by mid-day it had touched $2.3895. During the afternoon sterling improved further, as the dollar eased, and touched a high of $2.3965-2.3975, before coming back to close at $2.3905-2.3915, a rise of 1.05c. Market sources thought it likely that the pound's appreciation was held from time to time by Bank of England intervention.

The pound was also firm against European currencies, rising through the FFr 10 level against the French franc for the first time since April 1975. It closed at FFr 10.01 compared with FFr 9.9675 on Tuesday. Against the D-mark it hit a new four year high finishing at DM 4.3075 against DM 4.29 previously.

The dollar was slightly weaker overall, although in early trading it had shown a firmer tendency on higher Euro-dollar and U.S. prime rates. Although finishing higher than Tuesday's levels, Euro-dollar rates finished off the top, and the dollar eased back during the afternoon. Against the D-mark it closed at DM1.8005 compared with DM 1.8020, and SwFr 1.6615 against SwFr 1.6625 in terms of the Swiss franc. It was firmer however, against the yen, rising to Y219.65 from Y219.20. On Bank of England figures, the dollar's trade weighted index was unchanged at 84.3.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency—The D-mark was generally mixed at yesterday's fixing in Frankfurt, rising against the U.S. dollar and Danish krone, but losing ground to sterling and the French franc. The pound rose to DM 4.30 from DM 4.2790 and the French franc was higher at DM 43.065 per FFr 100 compared with DM 43.02. On the other hand the Danish krone slipped to DM 32.35 from DM 32.375 per DKr 100. Dollar trading was slightly muted ahead of U.S. trade figures due later in the day, and the dollar eased to DM 1.8011 from DM 1.8039.

BELGIAN FRANC—Remaining steady within the EMS despite continued easing of domestic interest rates, including two cuts in the central bank discount rate in the past two months—The Belgian franc was firmer against most currencies in Brussels yesterday, losing ground only to the D-mark and the Dutch guilder. The dollar was weaker at BFr 28.875 compared with BFr 28.91, and sterling slipped to BFr 68.9225 from BFr 69.595. On the other hand the D-mark rose to BFr 16.03 from BFr 16.027 and the Dutch guilder was higher at BFr 14.7057½ against BFr 14.705.

JAPANESE YEN—Steadier recently, reflecting the relatively successful fight against inflation which allowed a cut in the discount rate last week, and also helped by the sharp fall in U.S. interest rates earlier this year—The yen continued to improve against the dollar in Tokyo yesterday, with the U.S. unit closing at Y220.30 compared with an opening level of Y219.50, and Tuesday's close of Y221.50. Trading was quite active, and the dollar recovered later in the day from its earlier level of Y218.50, which was itself a six-week low for the dollar. There was, however, no central bank intervention.

THE POUND SPOT AND FORWARD

Aug. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3800-2.3975	2.3905-2.3915	1.48-1.38c pm	7.18	2.90-2.80 pm	4.77
Canada	2.7560-2.7750	2.7680-2.7690	1.75-1.65c pm	7.37	4.00-3.90 pm	5.71
Nethlnd.	4.66-4.71	4.68¾-4.69¾	3-2c pm	6.39	7¼-6¾ pm	5.75
Belgium	68.50-69.15	68.90-69.00	30-20c pm	4.35	74-64 pm	4.00
Denmark	13.22-13.33	13.31¾-13.32¾	⅞-2½ore dis	−1.52	5¾-6⅞ dis	−1.82
Ireland	1.1330-1.1435	1.1418-1.1428	0.15-0.19p dis	−1.78	0.28-0.33dis	−1.07
W. Ger.	4.27½-4.32	4.30¾-4.31¾	3½-2½pf pm	8.36	8⅞-7⅞ pm	7.78
Portugal	118.40-119.70	118.90-119.10	40c pm-15 dis	1.26	55 pm-50 dis	0.08
Spain	173.10-174.10	173.60-173.70	65-115c dis	−5.87	285-365 dis	−7.49
Italy	2035-2051	2045-2047	20¾-23¾lire dis	−13.05	71-74 dis	−14.17
Norway	11.55-11.65	11.60¾-11.61¾	7-5½ore pm	6.39	11½-10¼ pm	3.74
France	9.95½-10.02	10.00½-10.01½	4¼-3¾c pm	5.09	11-10 pm	4.19
Sweden	9.94½-10.01½	9.98¾-9.99¾	2-1¼ore pm	1.95	1¾-1 pm	0.55
Japan	520-528	525-526	2.65-2.30y pm	5.65	6.30-5.90 pm	4.64
Austria	30.30-30.55	30.42-30.47	17½-14½gro pm	6.31	42-37 pm	5.19
Switz.	3.94-3.99	3.97-3.98	3½-2¾c pm	9.81	10½-9½ pm	10.06

Belgian rate is for convertible francs. Financial franc 69.90-70.00. Six-month forward dollar 4.48-4.38c pm. 12-month 6.20-6.10c pm. France Aug. 26 9.96¼-9.97¼ (close).

THE DOLLAR SPOT AND FORWARD

Aug. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3800-2.3975	2.3905-2.3915	1.48-1.38c pm	7.18	2.90-2.80 pm	4.77
Ireland†	2.0915-2.0965	2.0945-2.0965	1.00-0.90c pm	5.44	2.15-2.05 pm	4.01
Canada	1.1585-1.1598	1.1595-1.1598	0.08-0.04c pm	0.62	0.31-0.28 pm	0.98
Nethlnd.	1.9595-1.9660	1.9595-1.9605	0.05-0.15c dis	−0.61	0.60-0.50 pm	1.12
Belgium	28.81½-28.88	28.83-28.85	3-5c dis	−1.66	2-5 dis	−0.48
Denmark	5.5625-5.5700	5.5685-5.5700	3½-4¼ ore dis	−8.62	9¼-9¾ dis	−6.82
W. Ger.	1.7965-1.8040	1.8000-1.8010	0.21-0.17pf pm	1.27	1.41-1.36 pm	3.08
Portugal	49.70-49.90	49.70-49.80	15-35c dis	−6.03	40-80 dis	−4.32
Spain	72.60-72.70	72.61-72.65	70-90c dis	−13.22	205-235 dis	−12.11
Italy	855.70-856.80	855.70-856.00	13-16lire dis	−20.33	40-43 dis	−19.39
Norway	4.8572-4.8805	4.8575-4.8590	Par-0.50ore dis	−0.62	1¼-1½ dis	−1.23
France	4.1765-4.1855	4.1840-4.1855	0.65-0.75c dis	−2.01	0.45-0.60dis	−0.50
Sweden	4.1770-4.1818	4.1775-4.1790	1.75-1.90ore dis	−5.24	4.35-4.50dis	−4.24
Japan	219.40-220.50	219.60-219.70	0.10-0.25y dis	−0.96	0.10-0.25dis	−0.32
Austria	12.72½-12.75½	12.72½-12.73¼	0.70-1.40gro dis	−0.99	2.00-0.25 pm	0.35
Switz.	1.6560-1.6710	1.6610-1.6620	0.45-0.35c pm	2.89	2.25-2.15 pm	5.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Aug. 26 Belgium 28.83-28.94 (Spread) 28.83-28.85 (Close)
Denmark 5.5700-5.5725 (Spread) 5.5705-5.5720 (Close)
France 4.1870-4.1965 (Spread) 4.1870-4.1885 (Close)

CURRENCY MOVEMENTS

Aug. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.2	−29.8
U.S. dollar	84.3	−9.4
Canadian dollar	81.3	−16.7
Austrian schilling	155.8	+24.3
Belgian franc	115.2	+13.3
Danish kroner	106.4	−4.8
Deutsche mark	154.1	+43.5
Swiss franc	196.2	+78.5
Guilder	125.9	+19.9
French franc	100.8	−6.2
Lira	52.5	−51.6
Yen	129.9	+27.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.551864	0.590936
U.S. $	10	1.30891	1.40259
Canadian $	10.45	1.51690	1.62434
Austria Sch.	6¾	16.7200	17.9110
Belgium F	12	37.8406	40.5277
Danish K	13	7.29259	7.80960
D'mark	7½	2.36114	2.52928
Guilder	9	2.57397	2.75608
French Fr.	9½	5.48957	5.88054
Lira	15	1122.06	1202.23
Yen	8.25	293.149	307.868
Norwgn. Kr.	9	6.37243	6.82358
Spanish Pts.	8	95.1879	102.108
Swedish Kr.	10	5.48761	5.87824
Swiss Fr.	3	2.1[illegible]878	2.33461

OTHER CURRENCIES

Aug. 27	£	$		£ Note Rates
Argentina Peso	4552-4572	1903-1910	Austria	30.15-30.45
Australia Dollar	2.0520-2.0560	0.8595-0.8600	Belgium	69.50-70.00
Brazil Cruzeiro	133-134	55.645-55.845	Denmark	13.20-13.30
Finland Markka	8.75-8.76	3.6670-3.6680	France	9.94-10.01
Greek Drachma	101.791-104.149	42.70-42.90	Germany	4.28½-4.31½
Hong Kong Dollar	11.82-11.83½	4.9440-4.9460	Italy	1990-2120
Iran Rial	n.a.	n.a.	Japan	525-550
Kuwait Dinar(KD)	0.634-0.640	0.2676-0.2677	Netherlands	4.67-4.71
Luxembourg Frc.	68.40-69.00	28.83-28.85	Norway	11.52-11.62
Malaysia Dollar	5.1250-5.1380	2.1440-2.1460	Portugal	114-120
New Zealand Dlr.	2.4300-2.4350	1.0180-1.0190	Spain	169¼-177¾
Saudi Arab. Riyal	7.87-7.93	3.3185-3.3200	Sweden	9.93-10.03
Singapore Dollar	5.0760-5.0880	2.1230-2.1250	Switzerland	3.942-3.97½
Sth. African Rand	1.8110-1.8120	0.7575-0.7580	United States	2.38½-2.3945
U.A.E. Dirham	8.75-8.81	3.6880-3.6895	Yugoslavia	67-74

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5623	+1.94	+0.65	±1.53
Danish Krone	7.72336	7.82860	+1.36	+0.07	±1.64
German D-Mark	2.48208	2.53154	+1.99	+0.70	±1.125
French Franc	5.84700	5.87742	+0.52	−0.77	±1.3557
Dutch Guilder	2.74362	2.75933	+0.57	−0.72	±1.512
Irish Punt	0.668201	0.671722	+0.53	−0.76	±1.668
Italian Lira	1157.79	1202.89	+3.90	+2.74	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.391	4.308	525.5	10.01	3.975	4.693	2046.	2.759	68.95
U.S. Dollar	0.418	1.	1.802	219.8	4.187	1.662	1.963	855.7	1.158	28.84
Deutschemark	0.232	0.555	1.	122.0	2.324	0.923	1.089	475.0	0.643	16.01
Japanese Yen 1,000	1.903	4.550	8.197	1000.	19.05	7.564	8.930	3893.	5.268	131.2
French Franc 10	0.999	2.389	4.303	525.0	10.	3.971	4.688	2044.	2.766	68.88
Swiss Franc	0.252	0.602	1.084	132.2	2.518	1.	1.181	514.7	0.696	17.35
Dutch Guilder	0.213	0.510	0.918	112.0	2.133	0.847	1.	436.0	0.590	14.69
Italian Lira, 1,000	0.489	1.169	2.105	256.8	4.892	1.943	2.293	1000.	1.352	33.70
Canadian Dollar	0.361	0.864	1.556	189.8	3.616	1.436	1.695	739.0	1.	24.91
Belgian Franc 100	1.450	3.468	6.247	762.1	14.52	5.765	6.806	2967.	4.015	100.

FT LONDON INTERBANK FIXING (11.00 a.m, AUGUST 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 7/8	offer 12	bid 12 7/16	offer 12 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	9⅝-9⅞	9½-11	10¼-10⅜	4¼-4¾	8¾-8⅞	11⅛-11⅜	14-20	9¾-10	12⅜-12¼
7 days' notice	17½-17¾	9¾-10	9½-11	10⅜-10½	18-20	8 11/16-8 15/16	11⅝-11⅞	23-29	9⅜-9½	12⅜-12⅝
Month	17⅛-17⅜	10 15/16-11 1/16	10⅛-10½	10 5/16-10¾	6 15/16-7 1/16	8¾-8⅞	11⅞-12⅛	31-33½	10⅛-10¼	11¾-12
Three months	16⅞-17⅛	11⅝-11⅞	10⅝-11	10 5/16-10¾	6½-6⅝	8⅝-8¾	12⅛-12⅜	31-33	11 11/16-11 13/16	11⅝-11⅞
Six months	16½-16¾	12 3/16-12 5/16	11⅜-11¾	10 5/16-10¾	6 7/16-6 9/16	8 7/16-8½	12¼-12½	30-31½	12 3/16-12 5/16	11¼-11½
One Year	15⅜-15⅝	12 5/16-12 7/16	11½-11⅞	10 3/16-10½	5 13/16-5 15/16	8 7/16-8 9/16	12½-12¾	27½-29½	12½-12⅝	10-10¼

Long-term Eurodollar two years 12⅜-12⅝ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit; one-month 10.70-10.80 per cent; three-months 11.35-11.45 per cent; six-months 11.75-11.85 per cent; one year 12.10-12.20 per cent.

INTERNATIONAL MONEY MARKET

Rates generally firm

Call money eased to 9 per cent from 9½ per cent in Frankfurt yesterday, while longer term rates were steady to firm, maintaining the reversed yield curve from one-month through to the year. The relatively low level of six-month and 12-month funds reflects hopes of a cut in the Bundesbank's discount and Lombard rates. The higher level of call and one-month money is the result of expectations of a tightening of credit despite the authorities recent move to inject about DM 5.5bn of liquidity from September 1 by cutting the bank's minimum reserve requirements. Demand for money is expected to result from various month end payments, the latest bond issue by the Bundespost, and the recent ending of an official sale and repurchase agreement. Heavy quarterly tax payments also fall due next month and if call money is not to exceed the Lombard level of 9½ per cent further help may be needed from the authorities.

In Amsterdam the money market is adequately supplied with short-term funds thanks to action by the Dutch central bank last week with the injection of funds by way of currency swaps. Call money was quoted at 10-10½ per cent yesterday, compared with 10-10½ per cent on Monday but one-month, three-month and six-month funds rose sharply following the firmer trend in U.S. interest rates. Eurodollar three-month deposits rose to 11 15/16-12 1/16 per cent on Tuesday from 11 9/16-11 11/16 per cent at the end of last week while yesterday three-month Dutch domestic money moved up to 10¾-10⅞ per cent from 10⅝-10¾ per cent.

MONEY RATES

NEW YORK	
Prime Rate	11¼-11½
Fed. Funds	9⅞-10
Treasury Bills (13-week)	10.01
Treasury Bills (26-week)	10.33
GERMANY	
Discount Rate	7.5
Overnight Rate	9.00
One month	9.20
Three months	8.95
Six months	8.65
FRANCE	
Discount Rate	9.5
Overnight Rate	11.25
One month	11.5625
Three months	11.6875
Six months	11.6875
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.4375
Bills Discount (three-month)	—

GOLD

Slight rise

Gold rose $3 an ounce in the London bullion market yesterday to close at $633-636. Trading was extremely quiet during the morning, and business during the afternoon was only marginally higher, after the opening of U.S. markets. The metal opened at $630-633, but there was little to stimulate any real movement.

In Paris the 12½ kilo bar was fixed at FFr 85,500 per kilo ($635.90 per ounce) compared with FFr 85,250 ($633.20) in the morning and FFr 85,200 ($631.85) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,710 per kilo ($634.04 per ounce) against DM 36,580 ($630.53) previously, and closed at $632¼-635¼ compared with $628-631.

In Zurich gold finished at $632-636 against $628-631.

	Aug. 27		Aug. 26	
Gold Bullion (fine ounce)				
Close	$633-636	(£264¾-266)	$630-633	(£265-266¼)
Opening	$630-633	(£264½-265¾)	$624-627	(£263¼-264½)
Morning fixing	$632.75	(£265.026)	$629	(£265.244)
Afternoon fixing	$633.85	(£264.457)	$628.85	(£264.924)
Gold Coins				
Krugerrand	$653-655	(£272¾-274¼)	$649½-651½	(£273½-275)
Mapleleaf	$648-651	(£270-272)	$645½-648½	(£271½-273½)
New Sovereigns	$160½-161½	(£67-68)	$161-163	(£67¼-68)
King Sovs	$191-193	(£79½-80½)	$187½-189½	(£79-80)
Victoria Sovs	$191-193	(£79½-80½)	$188-190	(£79¼-80¾)
French 20s	$159½-162½		$158-162	
50 pesos Mexico	$783-785		$778-782	
100 Cor. Austria	$616-619		$615-620	
$20 Eagles	$751-755		$751-755	
$10 Eagles	—		—	
$5 Eagles	—		—	

Moderate assistance

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

A small surplus of day-to-day credit was expected in the London money market yesterday, but the authorities gave moderate assistance by buying Treasury bills from the discount houses. Banks brought forward large surplus balances, and there was a moderate excess of Government disbursements over revenue payments to the Exchequer. On the other hand unwinding of a large sale and repurchase agreement, and repayment was made of the moderate amount borrowed from the Bank of England on Tuesday.

Discount houses paid around 15½ per cent for early secured call loans, and money commanded up to 16 per cent in places before closing at 15-15½ per cent.

In the interbank market overnight loans opened at 16½-16¾ per cent and fell to a low point of 10 per cent, before closing at 16 per cent.

LONDON MONEY RATES

Aug. 27 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-16¾	—	—	—	16½-16¾	15-16	—	—	—
2 days notice	—	—	16½-17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16⅞	16⅞-17	—	—	—	—	—	—	—
One month	16 11/16-16½	16 11/16-16⅞	16⅞	17½-17¾	17	17-17⅛	15½-15⅝	—	—	—
Two months	16 11/16-16⅜	16 11/16-16⅞	—	17½-17¾	17⅛	17⅛	15⅝	14 21/32-14 19/32	16 11/16-16⅝	17
Three months	16⅝-16 7/16	16⅝-16¾	16⅝-16¾	17-17¼	17	—	15⅝	14 9/16-14 15/32	16⅞	16⅝
Six months	16-15⅞	16 1/16-16¼	16¼	15½-16⅛	17	17-17⅛	15⅛-15¼	14⅞	15⅞	15⅝
Nine months	15 7/16-15 11/16	15 7/16-15⅝	—	15¾-16	16½	16¾	—	—	14 11/16-14⅞	15⅝
One Year	15-14 15/16	15⅛-15¼	14⅞-15	14⅞-15¼	16	16¼	—	—	—	—
Two years	—	—	14⅝-14⅝	—	15½	16¾	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞-14 per cent; four years 13⅞-14 per cent; five years 13⅞-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16⅛ per cent.

Approximate selling rate for one-month Treasury bills 14 21/32-14 19/32 per cent; two-months 14 11/16 per cent. Approximate selling rate for one-month bank bills 16 11/32-16 7/32 per cent; two-months 16 3/32 per cent; three-months 15¾ per cent; one-month trade bills 16¾ per cent; two-months 16½ per cent; and three-months 16⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.8005 per cent.

Dow 10.24 off at 1.30 p.m.

Prices moved downwards early and remained easier throughout the early session. At 1.30 pm the Dow Jones Industrial Average had shed 10.24 to reach 943.17, with declines leading advances by none to four in active trading of 31.2m shares (28.4m). The NYSE All Common Index shed 65c to $71.21 by 1 pm.

Continuing worries about rising interest rates and inflation were suggested as reasons for the decline. In addition to these causes, the U.S. Labour Department reported a 1.1 per cent drop in U.S. productivity for the second quarter, much worse than the preceding quarters 0.1 per cent drop.

VSI, which on Tuesday agreed to merge with Fairchild Industries for $280m, was up $1 to $41¼. Fairchild picked up $⅜ to $26¼.

Oneida gained $1⅛ at $21⅞ after sharply higher second-quarter earnings.

Itek slipped $1 to $28¼. It plans to offer $25m in convertible debentures.

Among the many declining issues, Hewlett Packard shed $1½ to $76¼, GF $1 to $55, Philip Morris $1 to $15⅜, Daniel Industries $1⅞ to $48⅜, Data Terminal Systems $1¼ to $29, Schlumberger $2⅜ to $134, Capital Cities $1½ to $62¼ and Raytheon $1⅜ to $87⅞.

THE AMERICAN SE Market Value Index had shed 2.37 by 1 pm to 328.88, with declines ahead of advances 268 to 207 on volume of 4.1m shares.

Sam P. Wallace retreated $1½ to $8⅜, on reports of flat third-quarter earnings.

Lake Shore Mines rose $1⅞ to $19⅜, while Commodore International shed $1⅛ to $65⅜.

Canada

The market was mostly lower at midday, with the TSE Composite Index losing 11.03 points to 2,251.65. Metals and Minerals were 19.23 off at 2,201.69 and Oils and Gases slipped 32.86 to 4,825.59, but Golds increased 63.06 to 5,118.78. Volume was 2.99m shares (2.66m).

Gulf Canada, the most active stock, yielded ⅜ to C$29⅞, Bow Valley Industries ⅛ to C$23⅜, Alcan Aluminium ⅜ to C$37 and Noranda ⅜ to C$28½.

In Montreal, the market also moved down. Against the trend, Banks advanced 1.24 to 389.27. Gulf Oil Canada lost ¼ and Shell Canada ⅛.

Closing prices for North America were not available for this edition.

Paris

Share prices closed generally firmer in moderate trading. Oils ended weaker, however, amid rumours that the French Government might increase taxation of oil companies, and this encouraged some general profit-taking at midsession.

CIE Francaise des Petroles shed FFr 7 to FFr 226, Elf-Aquitaine lost FFr 29 to FFr 1132, and Esso SAF FFr 8 to FFr 276.

All other sectors firmed except for Investments and Real Estate, which weakned, and Chemicals, which were mixed.

Among gains on the day were Club Med, up FFr 13 to FFr 414, and Peugeot, up FFr 5 to FFr 220.

Among foreign shares, Gold Mines were sharply firmer, Canadians also strengthened and Germans and Dutch were steady.

Germany

After a strong start, the tone eased and shares closed mixed.

Commerzbank managed a 10pf rise to DM 173.6 in otherwise lower Bank shares, and in mixed Chemicals, Bayer ended the session down 10pf at DM 118.10 after reporting higher first-half earnings and slower sales growth in the second quarter, and Hoechst gained 30pf.

Steels were mixed, with Hoesch off DM 1.30 and Mannesmann up 90pf, while in Cars, BMW shed 70pf as Daimler and VW showed small gains.

Among Machines, MAN shed DM 2 and KHD DM 1.10.

Public authority bonds fell up to 0.60 point and the Bundesbank bought DM 10m to steady the market (DM11.1m). Mark Eurobonds were easier.

Switzerland

The recent market decline halted and shares closed mixed in moderate volume with trading focused on major shares.

Slight improvements were noted in Financials, where Elektrowatt put on SwFr 30 to SwFr 2,550, Oerlikon Buhrle SwFr 5 to SwFr 2,825 and Sika Finanz SwFr 30 to SwFr 1,400. Banks, Insurances and major Industrials also closed steady or narrowly higher. Gains outran losses 46 to 34.

Japan

The Nikkei Dow Index closed at a record 6,930.66, up 24.61, after a moderate day's trading of 310m shares (250m). Advances outran declines 342 to 297. The Tokyo SE Index rose 0.59 to 478.43.

Revived buying in Speculatives, Non-ferrous Metals and Resources-related issues led the advance. Among issues gaining on the day were Nippon Oil, up Y90 at Y1440, Nisshin Flour, up Y14 at Y370, Taihei Kogyo, up Y26 at Y264, Arabian Oil, up Y120 at Y2,740, Japan Wool Textile, up Y15 at Y553, and Dowa Mining, up Y52 at Y513.

Hong Kong

Stocks closed generally weaker after a day marked by alternating buying and profit-taking. The Hang Seng Index shed 7.50 from Tuesday's seven-year high to close at 1218.53 in active turnover, with dealers noting strong interest locally and abroad.

Singapore

Prices finished lower in active trading as shares eased under profit-taking. The Straits Times Industrial Index retreated 2.49 from Tuesday's seven-year high, closing at 601.17.

Sime Darby declined on expectation of disappointing half-year results. Sime's Consolidated Plantations subsidiary also eased, while another Sime subsidiary, Tractors (Malaysia), gained. Tins like Berjuntai declined under profit-taking. Properties and Plantations closed mixed, and Banks closed lower where changed.

Australia

Shares closed easier on profit-taking after a quiet day. Despite a surge from British investors returning from the Bank Holiday weekend, there was little overseas interest, and indicators retreated from the year-highest levels recorded on Tuesday.

The All-Ordinaries Index lost 4.84 to close at 973.70. Declines outpaced advances in Minings by 94 to 47 and in Oils by 31 to 9, but Industrial gains outweighed losses 86-54.

Reflecting the tone of the market, leader BHP shed 10c to A$15.75 and CSR ended the day 8c lower at A$7.70.

Many heavyweight Miners also lost ground.

CRA finished 10c lower at A$6.40 after Tuesday's strong performance, while MIM slipped 6c to A$5.24 after outlining new gold, silver, copper and base metal prospects.

Despite Tuesday's announcement of higher interim profits, Utah ended the day 16c down at A$5.40, on news that the Queensland coal strike is likely to continue. WMC also lost ground in quiet trading, and Kitchener shed 5c to A$2.84.

Johannesburg

Golds closed firmer following the gold price in fairly active trading and small London buying in heavyweights.

Heavyweights gained up to R3 as in West Dries at R112, while others gained around 25 to 175c. Medium and Lightweights generally gained 5c to 75c and De Beers rose 5c to R11.60.

Mining Financials followed Golds, JCI featuring with a R5.50 gain to R87 on results. Platinums and Coppers also firmed.

East London **£12,000 + Car**

FINANCIAL CONTROLLER

Our client is a small group of companies whose activities centre round the provision of specialist transport and warehousing services to the international entertainment industry. Rapidly growing, they now seek a Financial Controller who will handle the increasing complexity of their operation.

Aged early-30's upwards, the successful candidate is likely to be a qualified ACA or ACMA. Experience of costing systems and budgetary control in the road transport industry would be particularly helpful, as also would experience of multi-currency operation and the establishment of comprehensive management information systems.

The post carries the possibility of Board membership and assistance will be given with any necessary relocation expenses.

Letters of application together with CV, salary progression and any other relevant data, should be sent without delay to Mr. C. A. Cotton, Executive Recruitment Division, MLH Consultants Limited, Park House, 22-26 Great Smith Street, London SW1P 3BU, quoting reference A221.

MLH *Consulting Group of Companies*

EMA

INTERNATIONAL TAX MANAGEMENT

OIL INDUSTRY

London **c£24,000 + car**

Responsible for the tax matters of substantial oil exploration, production, mining and trading activities in Europe, the Manager will divide his or her time between compliance and creative tax planning. Advising on local tax situations as the company expands into new territories,the Manager will work closely with operations management. Promotion prospects are good and it is envisaged that the Manager will need to establish a formal tax department through further recruitment.

Our multi million turnover client explores for and produces oil and minerals worldwide. The company is a partner in major finds in the North Sea with further and continuing exploration activities in Europe and Africa. Aged 27-35, applicants should be qualified accountants with broad corporate taxation experience, ideally with substantial oil industry content. Please telephone or write to Stephen Blaney, B.Comm., FCA quoting reference I/2017.

EMA Management Personnel Ltd.
Burne House. 88/89 High Holborn, London. WC1V 6LR
Telephone: 01-242 7773

Finance Director

Consumer Durables

for a rapidly expanding group manufacturing, importing and distributing consumer and household merchandise throughout the UK direct to employees in their place of work. Turnover has doubled from some £2m in the last financial year, and is expected to double again to £8m by 1981 with further dramatic growth thereafter. This necessitates the appointment of a senior executive to join the young management team, and professionalise the entire function, (including a possible capital restructuring), with a view to a possible flotation.

Candidates, aged early 30's to mid-40's should have accountancy qualifications with mature experience of the function in a manufacturing/trading environment and strength in management accounting.

Starting remuneration c. £16,000, possibly higher. Usual additional benefits including relocation assistance. London based.

Please write with relevant career/salary details—in confidence—to S. W. J. Simpson ref. B.38353.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada
France Germany Holland Ireland Italy
New Zealand South Africa South America
Sweden Switzerland U.S.A.

MSL
Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

ASSISTANT GENERAL MANAGER FINANCE

The Trustee Savings Bank—South East with 229 branches throughout London and the Home Counties, invites applications from qualified Accountants, with considerable experience in financial management in the commercial or banking fields, for the position of Assistant General Manager—Finance, at the Head Office of the Bank.

The Assistant General Manager—Finance will be responsible to the General Manager for all financial accounting, management accounting, banking, taxation, and credit operations. He/she will be capable of interpreting all financial and management information in order to advise General Management as to possible directions for policy decisions. He/she will be supported by three Department Heads, namely Systems Development, Accounts, and Banking, together with some 60 staff.

The position calls for the successful applicant to be fully aware of and able to demonstrate skills of man management and motivation, the ability to build and maintain an effective team and to foster good relationships with other divisions within the Bank.

It is unlikely that the successful candidate will be under 40 years of age.

Commencing salary will be circa £19,000. Benefits include 5 weeks paid annual leave, BUPA membership, non-contributory pension scheme and mortgage assistance scheme.

Applications, marked private and confidential, giving personal information, including age, qualifications and full details of career, together with the names of two referees, one of whom should be the applicant's present employer (no approach will be made without prior permission) should be submitted to:

**The General Manager,
Trustee Savings Bank—South East,
49/53 Surrey Row,
LONDON SE1 0BY
to arrive by not later than 12th September 1980.**

TSB
TRUSTEE SAVINGS BANK
SOUTH-EAST

You have a science degree.

You are working in a high technology environment.

You are commercially aware.

You have no concept of failure.

This is the biggest challenge of your career.

WOULD YOU TRIUMPH OR TREMBLE?

In its chosen technological field our client is a world leader, working at the very frontier of discovery.

Its success has been founded on the genius of its technological brains and their commercial awareness. A group of men who rank with the best in the world.

Now, these men need heirs. In two or three years most of them will have left the company for natural retirement.

And therein lies your opportunity.

The opportunity is for you to join the company now; to work alongside extremely talented and knowledgeable men; to learn and develop; and in two or three years, inherit the throne.

There are seven vacancies, all extremely demanding.

Specialist technological disciplines are required in some. A marketing track record is required in one.

Experience in the petro chemical industries, scientific civil service or branches of the Armed Forces could be an advantage.

Commercial awareness is essential. Technological excellence is only valuable in so far as it makes sound commercial sense. We are aware that engineers don't always make good managers but we're looking for the best of both worlds.

You will be working on highly complex technological products; products which have to function in some of the most hostile environments imaginable. On projects valued in multi-million pounds.

It is unlikely that these extraordinary opportunities will occur again; at least not in the near future.

If you do not have exceptional ability and abounding confidence you should not apply.

If you have these qualities, we would be delighted to spell out the details and the obviously substantial rewards.

Please apply in writing to Arnold Robinson, Director, Royds Personnel Services, Bank House, Cherry Street, Birmingham. Please list separately any companies to which you would not want your application forwarded.

ROYDS Personnel Services, Confidential Reply.

Applications are welcome from both men and women.

HOUSE OF COMMONS

(Department of the Clerk of the House)

SELECT COMMITTEE TEMPORARY ASSISTANTS

The Environment and the Social Services Select Committee each requires a Temporary Assistant to provide specialist assistance to the Clerk of the Committee and to undertake research in connection with particular enquiries.

The Environment Committee requires an Assistant to cover housing questions. Applications are invited for this post from candidates with a good degree in Economics or Statistics together with several years' practical experience as an economist in the housing sector. Applications from candidates with other good first degrees will be considered if they have done post-graduate work as economists in the housing sector.

The Social Services Committee is appointed to examine the expenditure, administration and policy of the D.H.S.S. and the work of the Assistant could cover economic, social and administrative questions. Applications are invited for this post from candidates with a good degree (or equivalent professional qualifications relating to work in this field).

For both posts the preferred age range is 28-35 years and for a successful candidate within this range the salary is likely to be between £9,616 and £11,516, according to age, qualifications and experience. Applications from particularly well qualified candidates aged from 25-27 will also be considered. The salary for this age group is likely to be between £7,966 and £9,571. There is a non-contributory pension scheme with interchange arrangements with other Public Service pension schemes.

The appointments will commence as soon as possible after 1 November, 1980. For the Social Services Committee post the appointment will be for a period of 2-4 years. For the Environment Committee post the appointment will be for a period of one year in the first instance.

Strict political impartiality is required of all House of Commons staff and Temporary Assistants will be expected not to engage in political activities for the duration of their appointments.

For further details and application form write to the Establishments Office, House of Commons, London SW1A 0AA, or telephone 01-219 5598 between 10 am-4 pm. Closing date for return of application forms 26 September, 1980.

A CHALLENGING OPPORTUNITY WITH THE LONDON BRANCH (70 EMPLOYEES) OF A NEW YORK BANK

CUSTOMER DEALER

Based in the Dealing Room, you will be required to maintain regular telephone contact with our corporate clients, quoting rates and developing business.

Ideally you should be in your mid-twenties with a minimum of three years' money market experience in a bank, money broker or corporation. An understanding of current economic and political events and their implications for our clients is essential for the successful candidate.

Salary around £9,000. Subsidised mortgage, pension, profit sharing, Luncheon Vouchers, four weeks' holiday and medical benefits are all part of this package.

*Write Box A7281, Financial Times
10 Cannon Street, EC4P 4BY*

A LEADING PITTSBURGH BANK REQUIRES

A YOUNG BANKER

Preferably with AIB Part I or equivalent, to assist the internal auditor in London and Frankfurt branches. Salary is negotiable and the total benefits package is attractive.

*Reply to Box A7283, Financial Times
10 Cannon Street, EC4P 4BY*

Finance Director

Over £20,000 p.a. • London, W.

This appointment will report to the Chief Executive of the newly formed Hotels and Catering Division of the Grand Metropolitan Group. It will carry a place on the Division's Policy Committee.

Annual sales approach £500 millions from some 90 hotels at home and abroad, over 250 Berni Inns and Steakhouses and a diverse complex of catering businesses. The Division employs 40,000.

Supported by an established finance organisation within the Division's trading companies, the main tasks will be to advise top management upon all aspects of finance, to contribute to policy and specific programmes for development in the U.K. and overseas and to exercise disciplined controls over the Division's assets and finances.

Candidates, male or female, must be Chartered Accountants and preferably graduates, ideally aged 40-47. They must have experience of international business transactions in Europe and/or North America and of contributing to the identification and pursuance of large-scale developments overseas. Experience in one of the leisure or service industries will be helpful.

Please write in confidence with brief details showing how these requirements are met, to H. C. Holmes, Bull Holmes (Management) Ltd., 45 Albemarle Street, London W1X 3FE.

Bull Holmes
PERSONNEL ADVISERS

Financial Director (Designate)

circa £15,000 + car

Dynamit Nobel (UK) Limited wish to recruit a Financial Director (Designate). The company is a wholly owned subsidiary of Dynamit Nobel AG of W. Germany—a company operating internationally and with world-wide sales of chemicals, explosives and plastics approaching £700m. The U.K. company has achieved significant growth over the last few years and with a planned turnover of £20m for this year, is poised to accelerate this growth into the 80's by further investment internally and where appropriate by acquisition. The location of the appointment is at Slough and there is a manufacturing facility at Northampton and an office in Johannesburg.

The Financial Director (Designate) will report to the Managing Director and be responsible for all financial and accounting matters, with special emphasis on the development of computerised procedures, the preparation of periodic accounts and ensuring that realistic budgets and profit plans are set.

The successful candidate will be a qualified accountant who can justify appointment to the Board within a period of 2 years. Age is not a critical factor although it is envisaged that the appointee will offer senior accounting experience including implementation and development of systems and the supervision of accounting staff.

The commencing salary will be negotiated at around £15,000 pa and a company car will be provided. The company would contribute to the cost of removal expenses if the successful candidate had to move home to take up the appointment.

Candidates, male or female, can make application by quoting reference MCS/2097 and requesting a personal history form from Ashley S. Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Finance for Innovation

Finance Executive

Salary Scale £10,000 – £14,000

Finance for innovation is no mere slogan at NRDC since we already hold nearly 300 "venture" and "development" capital investments in companies operating in exciting new areas of technology.

Our financing methods are also innovative and in order to expand our portfolio we need a qualified accountant with business flair and a strong desire to work in company finance.

This will involve the appraisal and monitoring of investment situations using sophisticated techniques; and the creation and negotiation of financial packages tailored to the needs of start-ups and growing companies.

High professional standards are essential and the candidate must be able to operate successfully with colleagues from other disciplines in a wide range of business situations.

Please write or telephone for an application form quoting ref. B.263, to:

The Personnel Manager,
National Research Development Corporation,
Kingsgate House,
66-74 Victoria Street,
London SW1E 6SL.
Tel: 01-828 3400.

NRDC

Accountant/ Company Secretary

Mayfair **c.£14,000**

Our client is a fast growing public company in the commercial property business with its head office in new premises in the heart of bustling Mayfair, London.

The company requires an enthusiastic qualified accountant aged around 30 who would enjoy a high level of involvement in the day to day management and development of the business. You will be directly responsible to the managing director for all accounting and secretarial duties, with active participation in the preparation of cash flow projections, financial appraisals and Stock Exchange documents. Some commercial experience is required. Career prospects are excellent for someone whose technical abilities and commercial acumen can meet the expanding needs of the company.

Please send concise personal, career and salary details, or apply for an application form, quoting Ref. AC 500 to:

W.S. Gilliland, Thornton Baker Personnel Services Limited,
Fairfax House, Fulwood Place, London WC1V 6DW.
Telephone: 01-405 8422.

A member of the Management Consultants Association

Management Accountant

We are the management services company of Thomson McLintock & Co, a major UK firm of chartered accountants and the British member of the KMG international accounting group. We provide advice on business administration to a wide range of clients.

The management accountant will join a small team of accountants and computing specialists. Working with senior managements of client companies, the task is to identify their needs for management information and then to design and implement appropriate systems. Our projects call for a high degree of self sufficiency, technical excellence and creative flair. There is substantial room for career development; the firm provides formal training and encourages its members to plan and carry out their own individual development programmes.

The requirement is for a qualified management accountant (preferably with a degree) with extensive industrial experience and familiarity with computing systems. Age: late 20s.

Remuneration: up to £13,000 plus car and other benefits.
Location: City of London.

Please write in confidence to A H Mallinson (Ref: 11/80F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TML

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UNIVERSITY OF WARWICK

Visiting Professor/Reader in Organisational Behaviour

The University proposes to make a visiting appointment at Professonal or Reader level within the School of Industrial and Business Studies for one year commencing January, 1981. This appointment has arisen because Professor A. M. Pettigrew has been awarded a one year Personal Research Grant by the SSRC. The person appointed would be expected to teach undergraduate and postgraduate courses in Organisational Behaviour. Applicants with interests in Organisation Design and Change will be particularly welcomed. This post may be suitable for appropriately qualified candidates from industry wishing to take a sabbatical. Informal enquiries may be made to Professor A. M. Pettigrew (0203 24011, extn. 2042). Salary either on the Reader scale: £11,165-£13,980 p.a., or in the Professonal range: min. £14,275 p.a. (both under review). Further details from the Academic Registrar, University of Warwick, Coventry CV4 7AL quoting Ref. No 3/3A/80/M. Closing date for receipt of applications is 30th September 1980.

systems and data processing manager

m/f

Our leading position in international banking is actively linked to a strong EDP support. In this context we offer a unique career opportunity in a key managerial position.

The candidate we are seeking

- ☐ gives evidence of top managerial capabilities,
- ☐ has a successful systems developments record,
- ☐ demonstrates a strong technical background,
- ☐ is unlikely to be less than 35,
- ☐ English required; French a major plus.

will have plannification and implementation responsibilities

- ☐ for several large systems projects,
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- ☐ office automation.

in a dynamic environment

- ☐ supervision of 80 people,
- ☐ two IBM 4341,
- ☐ VM/DOSVSE, CICS, VSAM, PLI, FORTRAN...

Location is Brussels. The Bank offers a very competitive compensation package.
Please send your résumé in confidence to Alain L. GRISAY.
Morgan Guaranty Trust, avenue des Arts 35, 1040 BRUSSELS.

The Morgan Bank

INVESTMENT ACCOUNTANT

EDINBURGH

Our Fund Management Services Department offers investment institutions computerised management information services including investment accounting, portfolio valuation and performance measurement. More than 700 funds with assets in excess of £20 billion use our performance measurement service and the more recently established Investment accounting service is currently used by funds with assets of £4 billion.

We place great emphasis on the level of support offered to our clients and are now seeking a professionally qualified development accountant to:—

- Help us adapt and improve our service to meet clients' needs;
- Advise clients on the most effective use of our service;
- Develop an advisory function to complement the computerised accounting service.

Candidates should have experience in the organisation and provision of multi-currency investment bookkeeping and financial management information, allied to a creative and practical approach to problem solving.

The post, located at our Edinburgh office, carries a salary which reflects the importance we attach to the job. The firm operates a profit-sharing bonus scheme and there is a contributory pension scheme. Assitance will be given with relocation expenses.

Applications should be sent in strictest confidence to:

P. P. HARKIN, Senior Executive

WOOD, MACKENZIE & CO.
ERSKINE HOUSE, 68-73 QUEEN ST., EDINBURGH EH2 4NS
TEL: 031-226 4141

WM

WOOD, MACKENZIE & CO.
Members of The Stock Exchange

Commercial Manager

Essex **To £15,000 + car**

Our clients, a U.K. office equipment group operating at an international level in a highly sophisticated market place, are seeking a Commercial Manager for one of their operating divisions. The successful candidate will act as the right-hand man to the Divisional Managing Director and will be responsible for the total accounting and administrative functions (both of which are computerised) and the management services, total staff 70. Applicants male/female, aged around 35, must be qualified accountants who have already gained exposure to the total business function, preferably in office equipment. Ref. 1171/FT. Apply to R. P. CARPENTER, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

Fund Management

The Fund Management Department of a progressive and expanding firm of stockbrokers in London is seeking an additional member. Candidates should be young and have an appropriate qualification and preferably some experience in Stock Exchange investment. The successful applicant will receive a period of training in the technical aspects of modern portfolio theory and performance measurement, as an assistant to fully qualified members of the Department. There will be ample opportunity to take responsibility quickly and communicate directly with clients.

Candidates will be assessed both on their present capabilities and on their development potential. This is an excellent opportunity with good career prospects and fully competitive remuneration.

This appointment is open to both male and female candidates who should send adequate particulars initially in confidence, to J. Finnigan, Personnel Services Division of:—

SP

Spicer and Pegler Management Consultants, St. Mary Axe House, 56-60 St. Mary Axe, London EC3A 8BJ.

MARINE MIDLAND BANK, N.A.
LONDON

Shipping Banker Lending Officer

We have a vacancy for a Shipping Banker, experienced in specialised secured international financing. The successful candidate will join an aggressive and experienced group which is responsible for the Bank's international shipping portfolio. Previous experience in credit analysis, documentation and marketing is essential.
The salary, which is negotiable, will be made attractive to the right person and there is an excellent fringe benefit programme.

Apply in writing with c.v. to: Head of Shipping Group, Marine Midland Bank, N.A., 34 Moorgate, London EC2.

AP Senior Appointments

INTERNATIONAL AUDIT MANAGER

Middlesex **£11,500 + Car**

An excellent opportunity has arisen for a young qualified accountant to progress to the very top in the internal audit function. The position of International Audit Manager has arisen due to a major worldwide expansion by our client, multinational distributors of electronic and audio visual equipment.

Reporting to the Head of Internal Audit in Chicago, the job involves developing and supervising European audits in liaison with local and head office Management. For an above average candidate, the opportunities within this company are virtually unlimited. Ref. 1484.

Contact Gordon Montgomery or Chris Denington on 01-588 5105

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB. 01-588 5105

Company Accountant

C. London **£10-12,000**

An exciting opportunity exists in a commodity trading company in London, W1 for a young and ambitious Chartered Accountant. Reporting directly to the board the successful candidate will be responsible for setting up and operating a new accounting system that will involve working with a small professional team and liaising closely with our clients.

Ideally candidates aged between 25 and 35 will have experience of commodity accounts, computerised systems and client accounts. The person we are looking for will be self motivated and have the ability to grow with the company in this fast moving environment.

For the right candidate the salary will be negotiable between £10,000 and £12,000 p.a. with early review, plus bonus and a generous benefits package.

In the first instance write enclosing c.v. to:
The Chairman, Box A7282, Financial Times
10 Cannon Street, EC4P 4BY

CONFIRMING HOUSE OPPORTUNITY

ELDERS, experienced and successful large international traders, offer an opportunity in their London office for a senior experienced officer aged up to mid-30's who preferably has been working in a confirming house business and with a proven track record. The successful applicant will be mainly working for our wholly-owned subsidiary Elders Finance and Investment Company, a well-known merchant bank in Australia. In the context of our UK operations, we are primarily interested in developing to confirm purchases of overseas buyers of UK exports to any country and UK buyers of Australian exports. We require an officer to take charge and build up such an operation in Britain who would ideally have had at least five years' senior experience in a similar position. Our group runs a successful international trading and merchant banking operation in Australia mainly with regard to trade emanating from that country to Britain, the Continent of Europe and to the countries bordering the Pacific and Indian Oceans, and in association with our offices in the Far East and Middle East. We seek a younger person capable of assisting us build on this trade at this end. Salary and terms negotiable.

Apply in the first case in strict confidence to:

Colin H. Price, London Manager,
Elder Smith Goldsbrough Mort Limited
3 ST. HELEN'S PLACE, BISHOPSGATE, LONDON EC3A 6AX
Tel: (01) 588 5201 After hours: Esher (78) 62438

CITY DEPOSIT BROKERS

require an experienced money broker to complement their existing sterling Inter-Bank and C.D. team. Salary negotiable and commensurate with experience.

Write to:
G. D. Wandrag
City Deposit Brokers, Royal London House
22, Finsbury Square, London, EC2
or ring 01-638 8726

FOREIGN EXCHANGE DEALER

Age 25-35 **c £12,000**

Our client, a rapidly expanding American Bank with an active dealing name, seeks to appoint an able ambitious person to the above role. The position to be filled is that of No. 2 in a small dealing team, and applicants should therefore be able to demonstrate a particularly mature and professional approach to their work.

Please contact MARK STEVENS (Confidentiality guaranteed)

SENIOR DOC. CREDITS

Age 24-26 **c £7,500**

Leading International Bank seeks bright, career-conscious young person with at least four years' experience of all aspects of documentary credits. The successful candidate will be promoted to Officer status in the near future. Excellent prospects for right person plus outstanding benefits package.

Please ring TREVOR WILLIAMS

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

Accountancy Supervisor

Experienced or part qualified

Our client, a large successful organisation based in North-West London, is currently seeking a Supervisor to take charge of the Accounting Control Section.

A responsible attitude is of prime importance as the job involves leading a small team on budget preparation and month-end accounting control of factory overheads and raw materials. The successful man or woman, aged between 24-35, should have practical experience gained in the field of cost accounting. The right person can look forward to a salary of £7,000 including bonuses and a first class range of company benefits, including 23 days' holiday, subsidised canteen and a sports and social club.

Please send details of experience to Position Number ASA 8033, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

MINING SALES/RESEARCH
£10,000 to £15,000 neg.
Analyst, 25-32, with knowledge of S.A., Australia and Finance Houses and with sales ability to join established team of large firm of Stockbrokers.

ELECTRICALS/ELECTRONICS
£8,000 to £12,000 a.a.e.
Graduate with 2 to 3 years' exp. as an electrical and/or electronics analyst to take over responsibility for coverage of certain companies with well known firm.

ANALYST—INSTITUTION
to £12,000
General Analyst, 25-30, with UK Equity research exp., interest in overseas markets and ability to make recommendations for major insurance company.

INSTITUTIONAL SALES
£12,000 to £20,000 pkg
FAR EAST, GILTS, UK OR EUROPE
Several of our clients, top names in stockbroking, seek high calibre individuals with good specialist knowledge, 2-5 yrs.' sales exp., and the desire to join a reputable firm offering partnership prospects.

For a strictly confidential talk about these or other positions with Stockbrokers or Institutions contact Anthony Innes or Fiona Stephens.

Stephens Associates
International Recruitment Consultants
35 Dover Street, London W1X 3RA. 01-493 0617

Operations Manager

Electronic Components
Around £16k + car

We seek, for an international client, an exceptional talent to manage a facility manufacturing high reliability components for advanced electronic equipment.

The successful candidate (male or female) will probably be from the manufacturing function of the electrical/electronics industry, have a degree (or equivalent) and be aged between 35 and 45 years.

Location – Rural North West

For an early interview decision please write, in confidence, with a full 'cv' (no application form will be issued) to:

Trevor B. Lee, Managing Director
Executive Projects Limited
1 Garrick House, Carrington Street, London W1Y 7LF.

INTERNATIONAL BANKING

The following are among the more urgent of our comprehensive range of current assignments:

F.X. DEALERS £9,000-£15,000
We have a number of very active clients seeking energetic and capable young dealers; opportunities occur at various levels, demanding experience in exchanges and/or deposits.

HEAD OF ACCOUNTS to £12,000
Busy U.S. bank seeks a really competent person to take control of the team handling all aspects of accounting and reporting. A qualification, although desirable, is not as important as in-depth experience.

CREDIT ANALYSIS £8,000+
Actively expanding U.S. bank requires a young banker with a sound credit training to be groomed for "the front line." A degree is essential; an M.B.A. highly desirable.

OPERATIONAL/MANAGEMENT ACCOUNTING c. £6,500
Small-medium, but growing, international bank offers interesting and "stretching" opportunity to a young person with good accounting skills and an analytical mind.

To discuss these, or your own particular requirements, please telephone Ann Costello or John Chiverton A.I.B.

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TOP FINANCIAL ANALYST FOR BANK
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Telephone 01-236 0640

INTERNATIONAL BANKING APPOINTMENTS

Head of Syndications-off-shore £Neg.
Experience in lead management essential.

Lending Officer - Shipping £12,500
Previous experience and good knowledge of Scandinavian market.

Oil Bankers-Junior & Senior £10-15,000
Should have relevant experience in the industry or banking.

Senior International Auditor c. £13,000
Aged 35-40 for continuous overseas travel. Related bank experience essential.

International Auditor c. £8,000
Aged 25-30 with academic achievement plus sound banking experience to join audit team operating UK and Europe.

O & M Officer £Neg.
Person mid-30s with minimum of 5 years' banking including 2 years' O and M experience.

PLEASE CONTACT DAVID GROVE OR STEPHEN LAWSON ON 01-236 0640

Small investment management and banking subsidiaries of large group requires

A CHARTERED ACCOUNTANT

to take charge of own group accounts, budgets and pension scheme.
Salary c. £10,000

A SOLICITOR

to assist generally in legal matters and in particular in relation to corporate finance.
Salary c. £10,000

Please reply to Box No. 4497
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We are the insurance staff recruitment division of one of the UK's largest employment agency groups.
We need a trainee consultant (age 22-35) to join our successful team placing insurance staff in permanent positions.
If you have sound experience of the London Insurance Market, are self-motivated and enjoy a busy day dealing with people we would like to meet you.
We can offer above average salaries, pension scheme, early responsibility and promotion and a career with excellent long-term prospects within an expanding group. For immediate interview:

Telephone 01-588 1031
THE CAREER CARE GROUP
62/64 MOORGATE LONDON EC2R 6AS

STOCKBROKERS NOMINEES CLERK

Brentwood, Essex

Phillips & Drew wish to recruit an experienced clerk for their Nominee Department and seek applicants from people with either Stockbroking or Banking backgrounds in Nominees and Safe Custody Securities work.
A knowledge of UK and Overseas dividends, rights and capitalisation issues would be an advantage.
We offer a competitive salary, bonus, £1 per day Luncheon Vouchers and contributory pension scheme.

Please apply in the first instance to:
A. G. Wright, Staff Manager
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EEC export boosts hit world sugar market

BY OUR COMMODITIES STAFF

WORLD SUGAR prices turned sharply lower yesterday afternoon in response to the granting of licences covering an exceptionally large amount of white sugar at the weekly Brussels export tender.

The market had been strong early in the day and January delivery sugar on the London futures market reached £345 a tonne at one stage. But news that the EEC's sugar management committee had released 165,750 tonnes of white sugar for export, 11 times last week's figure and the highest weekly total for three years, prompted a sharp downturn which left the January quotation only £5.70 up on the day at £338.75 a tonne.

Traders were stunned at the apparent switch in EEC export policy. Last week's relatively miserly allotment had led many of them to bid for more sugar with higher export levies than they might otherwise have done. While not actually displeased to receive an unexpectedly high quota of licences, they were left with the suspicion that they might have won all they really needed at a much lower cost. The committee fixed a minimum levy rate of 2.438 European Currency Units per 100 kilos but many of the licenses will have been at a significantly higher levy rate.

Some traders suggested that the committee had been criticised within the EEC establishment last week for releasing too little sugar as a result of taking its own view of the market. This week, they thought, the committee had "played it straight" while potential exporters had stepped up their bids in the expectation of an equally tight-fisted EEC policy.

Nearly half the export allotments (83,000 tonnes) went to UK trade houses. The French got 31,000 tonnes, the Belgians 24,500, the West Germans 17,250 and the Dutch 10,000.

The earlier rise had been encouraged mainly by reports that China and possibly the USSR had made significant purchases of sugar from the Philippines via a New York trade house (rumoured to be Phillips Bros.).

Another "bullish" factor mentioned in some quarters was a report that locusts had damaged the Thai crop. But this was pooh-poohed by many experts. Talk of heavy rain cutting the Soviet beet harvest was also given the raised-eyebrow treatment by most market watchers, but it nevertheless encouraged some speculative buying.

● West German sugar exports in July totalled 82,817 tonnes, up sharply from 31,448 in July 1979, Sugar Industry Association figures show, reports Reuter from Bonn. Exports to non-EEC countries totalled 74,610 tonnes against 28,398 tonnes in July last year.

Sugar stocks at the end of July fell to 890,163 tonnes from 1.11m tonnes at end of June, but were up from the year ago 883,534 tonnes.

Sugar production fell to 953 tonnes from 1,646 tonnes in July 1979, while imports fell to 8,344 tonnes from 11,810 a year ago.

The association figures show July sugar consumption totalled 142,139 tonnes compared with 208,921 a year ago, including 4,979 tonnes (1,302) for feed.

World wool demand holding firm

By Our Commodities Staff

WORLD DEMAND for wool is holding firm in spite of continuing competition from synthetic fibres, Mr. John McPhee, deputy managing director of the International Wool Secretariat (IWS), said yesterday.

Speaking at a wool textile research conference in Pretoria, South Africa, he said consumers were buying fewer but longer lasting garments and were turning increasingly to wool and cotton from synthetic fibres in the face of economic stringency.

International Wool Textile Organisation statistics show that raw wool usage rose 6 per cent last year while man-made fibre usage increased by only 2 per cent.

Mr. McPhee said the Australian storemen's strike ended just in time to avoid a significant loss of markets to synthetic fibres. Some substitution took place, he said, but long-term damage was kept to a minimum.

Last year world wool production rose 2.5 per cent to 2.71bn kilos, the highest for eight years, and the IWS expects this to grow by 1 to 2 per cent a year over the next five years, he said.

Mr. Pieter Van Rooyen, chairman of the South African Wool Board, told the conference his country's wool clip would be about the same as last season's 99.5m kilos.

In Britain, meanwhile, wool growers experienced the most difficult trading conditions on record, Mr. Walter Elliot, chairman of the British Wool Marketing Board, reported.

He blamed the industry's problems on inflation, high interest rates and the strength of sterling.

"The Board itself cannot influence any of these depressant factors," he said, "but it cannot afford either to ignore the effect they are having on net returns to producers."

He said the Board had begun a thorough examination of its marketing operations and policies to see if any improvements could be made.

The 1979 British clip was 35m kilos, down 0.6 per cent from the pretvious year but the Board expects the recent gradual increase in production to be resumed over the next few years. The 1979 clip was sold at an average price of 103.5p a kilo, 8.5p below the guaranteed price

ZIMBABWE

Hard decisions for tobacco industry

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE will have to control flue-cured tobacco production for the next two seasons and possibly longer according to the tobacco industry. Reviewing the situation after 20 weeks of public auction sales, industrialists welcomed the recent improvement in the leaf price which reached 88 Zimbabwe cents a kilo early this week, as against a seasonal average to date of only 73 cents per kilo (59p per kilo as against 49p).

This reflects three main developments—better quality leaf, some increased buying interest and the market response to the government's $727m (£18m) support scheme. The government is not actually providing cash to buy in the crop, but has guaranteed the banks' and financial institutions' loans to tobacco merchants to purchase leaf for stocks rather than against firm orders.

The government's agreement to guarantee tobacco credit hinged on two main considerations: first, that the 1980/81 crop be cut from about 115m kilos last season to only 70m kilos. Second, that the tobacco purchased in this manner be held out of the market at least until the 1983 auction sales.

The growing industry has accepted these conditions without enthusiasm since it will mean a reduction in the number of growers from around 1,700 at present to less than 1,500—more than 100 have already said they won't be growing next season.

In addition, the industry is forecasting that as many as 40,000 and possibly even more tobacco labourers will be made redundant as a result of the 40 per cent output cut this season.

Even with these cuts, its is authoritatively estimated that when the sales start next April, Zimbabwe will have an overhang of about 130m kg in addition to the 1980/81 crop of a further 70m kg making a total supply for disposal of some 200m kg.

Given the market's weakness this season, the signs are that the 1981/82 crop will also have to be kept at or around the 70m kgs level and this may also apply even in the subsequent year.

A crop of 70m kg will be the smallest since 1973 and less than half the 146m kg produced in 1964 before economic sanctions were imposed.

The government is hoping that there will be a switch away from flue cured tobacco this season mainly to maize, but also to Burley tobacco, which is selling well, and to other food or fibre crops, such as soyabeans and cotton. However, for a large number of producers there is no viable alternative to tobacco because of the climate, soils or altitude.

The recovery in prices is reflected in the fact that last week the average price was some 84 cents a kg (56p) which compares with the low point of 69 cents (40p) two months ago.

But over the season as a whole—about 70m kgs have been sold so far from a crop of 115m kg—the average is unlikely to exceed the 82 cents (55p) earned under economic sanctions last year.

Since then input costs have risen by a minimum of 15 per cent and the current estimate is that the "average grower"—who doesn't exist of course—will lose 15 to 20 cents a kg (10p to 13p). By next season the average production cost will be of the order of 115 cents (77p) and growers are hoping that the production cut this season will push prices up by the necessary 45 per cent so that the growing industry does not suffer a net income loss for the third year in succession.

Much depends on the weather. Two drought years in a row have resulted in heavy poor quality leaf that buyers just don't want. Given good rains, growers are confident that they can produce the high quality leaf that will sell well above Zim$1 a kilo.

The other requirement is to find new markets. In recent months there have been contacts with China and Romania about barter deals. But there is considerable hesitancy on the Zimbabwean side. The Romanians want to barter their tractors for Zimbabwean leaf and provide tractor mechanics and expertise as well, but Zimbabwe's conservative business and tobacco community is sceptical about such a deal and concerned about the impact it could have on supplies of tractors and spares from traditional sources.

The Chinese went one stage further suggesting a barter deal whereby Zimbabwean leaf would be exchanged for railway and transport machinery—not for Zimbabwe—but for neighbouring Mozambique, which would pass on the benefit to Zimbabwe in the form of free transit for tobacco and other exports. But that idea, too, has run into practical problems.

The signs are then, that the industry which hoped that the lifting of sanctions would secure a return to immediate prosperity is going to have to claw its way back to the top over a period of years.

Twenty years ago tobacco was comfortably Zimbabwe's largest export. Last year it fell behind gold and asbestos and this year and next it will slip further down the ladder. Indeed, it will be very surprising indeed if tobacco ever regains it pre-UDI supremacy. In many respects, of course, the economy is the healthier for its diversification, but the loss of jobs in this labour intensive industry is untimely.

More barley for intervention

BY RICHARD MOONEY

WITH MARKET prices remaining depressed, barley is continuing to flow into UK intervention stores in unprecedented quantities.

By the end of last week EEC intervention prices, nearly £10 a tonne above the ruling market level, had attracted offers totalling 170,000 tonnes to the Home-Grown Cereals Authority, which operates the price support system in Britain.

Of this about 85,000 tonnes had been allocated for delivery to Government-owned stores.

Actual deliveries into intervention last week totalled 30,303 tonnes, bringing the total since the seasonal programme started at the beginning of July to 71,734, the HGCA said yesterday.

The Government stores have a capacity of about 300,000 tonnes but the Intervention Board revealed yesterday that space had been rented in commercial stores for an extra 100,000 tonnes, mostly in East Anglia. The move should not be taken to mean that the Board expects intervention purchases of grain to reach 400,000 tonnes, however, the Board stated.

The volume of this year's barley offers has taken most people by surprise. Previously total offers over the four seasons since the system was adopted in Britain had reached only 33,000 tonnes. But with prices for August delivery feed barley running at around £87 a tonne and the intervention price at £96.44 a useful "profit" is available to farmers or merchants even after allowing £3 or £4 a tonne for the cost of delivery. This appears to have overcome many farmers' basic suspicion of the intervention system.

The HGCA noted that the feed barley price increased slightly last week but with a large UK grain crop in prospect and consumer and exporter offtake continuing slow, intervention prices are expected to remain attractive for some time yet.

Soviet grain estimate cut

WASHINGTON — The U.S. government now projects the Soviet grain harvest at around 200m tonnes, based on latest intelligence, the Senate was told yesterday.

Previously, U.S. estimates of the crop, as reported by Mr. Bob Bergland, the U.S. Agriculture Secretary, were between 200 and 225m tonnes, with 210m tonnes considered the most likely amount.

Senator Walter Huddleston revealed the latest estimates in a statement being made for the record.

This was seen as a bid to buttress Administration plans to maintain the partial U.S. grain embargo against the Soviet Union.

Japan cuts aluminium output

BY ROY HODSON

THE BALANCE of world aluminium production is about to be changed by new cuts in Japanese production which are being forced upon producers by the high cost of imported oil.

Indications are that Japan will cut its primary aluminium production from 1.11m tonnes a year to round the 1m tonnes level. Already the industry has run down production capacity from 1.64m tonnes a year towards the 1.11m tonnes a year target under a joint government-industry programe

That programme calls for the national production capacity to be maintained at 1.11m tonnes until 1983. But Japanese producers are now planning a new round of production cuts because of rising fuel costs, larger stocks, and falling demand.

A further factor is that the Japanese producers cannot compete with metal imported from the U.S. In the first seven months of this year sales of U.S.-produced aluminium into Japan have risen by 45,000 tonnes over the previous year.

It now appears that the Japanese intend to cut aluminium production sharply once again. Sumitomo Aluminium Smelting will halt operations of 45 potlines at its Toyama plant in northern Japan next month reducing production by 12,000 tonnes a year. Showa Aluminium Industries intends to close a 24,000 tonnes a year plant at Chiba in October.

Yoshimasa Massunaga, president of the Japan Aluminium Federation and president of Nippon Light Metal, said his company—the largest Japanese aluminium producer—may cut production from its present 200,000 tonnes a year.

In the long-term Japan will rely heavily upon aluminium smelted in Australia by cheap or thermal power. Japanese companies are prominant among the investors in the Australian aluminium boom.

An official of the Japanese Aluminium Federation said in Tokyo that Japan's fabricated aluminium demand in August declined more than 16 per cent from the July level of 206,000 tonnes.

Rising aluminium stocks in Japan are a further source of worry to the industry. At the end of July they were nearly 28 per cent above the level of the previous month.

Administration rejects all tin bids

WASHINGTON—The General Services Administration (GSA) announced that it has rejected all bids at its latest offering to sell up to 500 tonnes of stockpiled tin.

Bid were submitted yesterday by seven firms for 125 tonnes of tin at prices ranging from $7.64 to $7.11 a pound, GSA said. Administration officials pointed out that the highest bid once again was below the spot price for tin in New York.

On September 9, GSA will hold its next auction to sell up to 500 tonnes of tin.

Since the bi-weekly offerings began on July 1, GSA has sold just five tonnes of tin.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer again on the London Metal Exchange. The breakdown of talks between copper workers and Phelps Dodge prompted a flurry of buying interest on the early pre-market when forward metal rose from £869 to £872. In the Rings further buying lifted the price to £875, although this level attracted profit-taking. In the afternoon the strength of sterling had a dampening effect on sentiment and three months eased to close the late Kerb at £870.5. Turnover: 17,775 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	858-.8.5	+10.5	856-58	+6
3 months	873-3.5	+9	873-3.5	+5.5
Settlem't	858.5	+10	—	
Cathodes				
Cash	825.5-5	+9.5	825.5-24.5	......
3 months	848-8.5	+9.75	846.5-47	+2.25
Settlem't	825.5	+9.5	—	......
U.S. Prod.		......	*92.16-8.25	-2.8

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £859, 58, three months £875, 73.5, 74, 73 74, 75, 74.5, 74, 73.5, 73. Cathodes, cash £826. Kerb: Wirebars, three months £874, 73.5, 74. Afternoon: Wirebars, three months £874, 74.5, 74, 73.5, 73. Cathodes: three months £848. Kerb: Wirebars, three months £873, 72, 71, 70.5, 70.

TIN—Marginally easier reflecting the rise in sterling. Forward metal was fairly active but price movements were minimal. Three months opened at £7,105 and edged up to £7 110 in the morning. During the afternoon the price continued to move up and reached the day's high of £7,125 on the late Kerb. Turnover: 635 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7100-03	-18.5	7105-15	-10
3 months	7120-40	-10	7111-15	-12
Settlem't	7103	-22	—	......
Standard				
Cash	7100-03	-18.5	7105-15	-10
3 months	7107-08	......	7111-15	-2.5
Settlem't	7103	-22	—	......
Straits. E.	†$2140	+2	—	......
New York	—	......		

Morning: Three months £379, 78.5, 78. Kerb: Three months £379. Afternoon: Three months £378, 77.5, 78, 78.25. Kerb: Three months £377.5.

LEAD—Marginally firmer. Bear covering lifted forward metal from £377 to £381 on the pre-market but profit-taking and hedge selling pared the price to £378 in the Rings. In the afternoon the market held relatively steady around £378, despite the rise in sterling which encouraged American selling, and finally closed the late Kerb at £377.5. Turnover: 5,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	364.5-5.5	+6	364-5	+2
3 months	378-8.5	+6.5	378-8.25	+2.37
S'ment	365.5	+5	—	......
U.S. Spot	—	......	*44	......

Morning: Standard, cash £7,100 three months £7,107, 8, 9, 6, 7, 10, 07. Kerb: Standard, three months £7,110. Afternoon: Standard, three months £7 105, 09, 08, 10. Kerb: Standard, three months £7,115, 20, 25.

ZINC—Moved narrowly in quiet and routine trading prior to closing the afternoon Kerb at £340. Turnover: 5,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	329-8.5	+3	330-31	+2.75
3 months	378-8.5	+1	340.5-41	+2
S'ment	329.5	+3	—	......
Primw'ts	—	......	*35.5	-0.5

Morning: Three months £721, 20, 21, 22. Kerb: Three months £721. Afternoon: Three months £721, 22 21, 20, 18, 19. Kerb: Three months £718, 17, 16.5, 16, 18, 20.

ALUMINIUM—Barely changed on balance. After edging up to £722 on the pre-market reflecting the initial rise in copper, forward metal gave ground owing to the firmness of sterling and touched £716.5 before recovering to close the late Kerb at £720. Turnover: 5,475 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	725-28	-12.5	724-27	-1.5
3 months	721-22	-6	718-19	-3

Morning: Cash £329, 29.5, three months £340, 39.5, 39, 38, 39. Kerb: Three months £339.5. Afternoon: Three months £339.5, 39, 40, 41, 40.5. Kerb: Three months £340.

NICKEL—Under pressure as the continuing rise in sterling encouraged persistent selling throughout the day. Forward metal opened around the £2,800 level and gradually fell away to touch £2 750 on the afternoon Kerb: However, a minor rally left the price at £2,757.5 at th eclose. Turnover: 552 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2733-37	-17.5	2715-25	-27.5
3 months	2775-80	-20	2755-60	-38.5

Morning: Cash £2,735, 30, three months £2,791, 90 85, 80. Afternoon: Three months £2,780, 75, 70, 65, 60. Kerb: Three months £2,750, 53, 55.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 5.8p an ounce lower for spot delivery in the London bullion market yesterday at 672.65p. U.S. equivalents of the fixing levels were: Spot $16.065, down 3.5c: three-month $16.521, down 1.5c; six-month $17.027, down 18c; and 12-month $17.89, down 1c. The metal opened at 674p-682p ($16.05-$16.25) and closed at 674p-680p ($16.10-$16.25).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	676.65p	-5.8	678.0p	-4.0
3 months	700.10p	-5.5	703.75p	-2.75
6 months	726.10p	-5.5	—	.....
12months	769.10p	-5.5	—	......

LME—Turnover 65 (50) lots of 10,000 ozs. Morning: Cash 672, three months 703, 2, 1, 699, 700, 1, 700.3, 700. Kerbs: Untraded. Afternoon: Three months 704, 3.5, 4. Kerbs: Three months 703.5, 3, 3.5.

COCOA

Cocoa futures continued to trade within the same narrow range and again attempted to break through the existing contract lows. Current market levels continue to be unattractive to both producers and consumers, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	953-954	+0.5	958-950
Dec	996-997	—	1002-992
March	1041-42	+2.0	1044-39
May	1060-62	+1.5	1063-59
July	1080-81	-2.0	1085-81
Sept	1101-05	-3.5	1108-05
Dec	1123-30	-2.5	1130

Sales: 2,225 (2,087) lots of 10 tonnes.

COFFEE

Robustas traded up to £30 higher at the opening with trade buying being the main feature. Prices continued to hold steady with nearby switching inflating the volume, reports Drexel Burnham Lambert. A weaker New York plus steadier sterling saw values ease quickly in light conditions, although they recovered slightly later to close mid-range.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept	1116-20	+35.0	1125-096
Nov	1160-63	+28.5	1170-45
January	1195-98	+31.5	1210-182
March	1190-95	+28.0	1208-184
May	1200-04	+19.5	1220-195
July	1210-40	+12.5	—
Sept	1201-50	+15.0	—

Sales: 4,094 (4,825) lots of 5 tonnes.

ICO Indicator Prices for August 26 (U.S. cents per pound). Other Mild Arabicas 130.33 (129.00). Robustas ICA 1976 124.00 (127.00). ICA 1968 124.25 (127.25). Unwashed Arabicas 210.50 (211.00). Comp. daily ICA 1968 164.64 (164.75).

GRAINS

LONDON GRAIN FUTURES — The market opened higher on good commercial buying. There was some trade selling and values closed off the highs at lunch after which commercial interest kept the market buoyant, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept	95.35	+0.85	89.85	+1.0
Nov	99.00	+1.16	93.80	+0.55
Jan	103.05	+1.05	97.90	+0.55
Mar	106.75	+1.10	101.45	+0.60
May	110.15	+1.16	105.00	+0.60
July	113.55	+1.05	—	....

Business done—Wheat: Sept. 95.50-94.95, Nov. 99.05-98.10, Jan. 103.20-102.50, March 106.85-106.30, May 110.15-109.80, July 113.50-113.50. Sales 508 lots of 100 tonnes. Barley: Sept. 89.85-89.00, Nov. 93.85-93.40, Jan. 97.90-97.55, March 101.35-101.20, May 105.05-104.75. Sales 373 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent: Sept. 95.85, Oct. 99.00 transhipment East Coast. U.S. Hard Winter 13½ per cent: Aug. 95.75, Sept. 97.50, Oct. 99.50 transhipment East Coast. Maize: French Sept. 124 transhipment East Coast. S. African Yellow Sept.-Oct. 90.00. Barley: English Feed fob, Oct. 94.50, Dec. 97.50 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: Eastern 94.20, E. Midlands 93.60, N. East 97.90. Feed barley: Eastern 85.00, E. Midlands 87.30, N. East 85.00, Scotland 87.80. The UK Monetary Coefficient for the week beginning Monday, September 1, is expected to change to 0.959.

RUBBER

The London physical market opened slightly steadier, with good speculative demand on the terminal market, closing steady but quiet. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 307.75 (305.5) cents a kilo and SMR 20 at 272.5 (271.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct.	68.00-69.00	63.50-65.70	—
Nov.	68.30-67.00	64.50-64.80	—
Oct-Dec	66.50-66.80	64.40-64.60	66.30-66.10
Jan-Mar	72.40-72.60	69.00-69.10	70.60-69.40
Apr-Jne	73.30-73.40	71.30-71.50	73.50-71.60
Jly-Sept	76.00-76.10	74.00-74.10	76.20-76.10
Oct-Dec	78.50-79.00	76.50-76.70	—
Jan-Mar	81.00-81.10	79.10-79.20	81.10
Apl-Jne	83.80-84.00	81.90-82.00	—

Sales: 710 (192) at 15 tonnes: none at 5 tonnes.

Physical closing prices (buyer) were: Spot 64.50p (62.00p); Oct. 65.75p (65.00p); Nov. 66.75p (65.75p).

SOYABEAN MEAL

The London market opened with small gains but ran into trade selling, particularly in nearby months, reports T. G. Roddick. Stronger sterling added further pressure on prices and the market drifted to show losses of £1 before renewed commission house buying steadied values.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	117.00-17.2	-0.85	118.10-16.50
December	121.10-21.2	-0.40	122.00-20.30
February	123.20-23.5	-0.45	124.10-22.90
April	124.30-25.4	-0.60	126.00
June	126.50-27.0	-0.75	—
August	128.50-28.5	-0.25	—
October	127.80-30.0	+0.25	—

Sales: 163 (186) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £313.00 (£304.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £316.00 (£310.00).

The market was encouraged by the overnight steadiness and made early gains on rumours that China had bought a block of sugar. In the EEC tender, however, export licences were awarded for 165,750 tonnes and this produced a sharp reaction and March lost £9.50 to £343.50, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	332.50-32.60	320.95-21.05	333.50-19.00
Jan	338.50-39.00	332.60-33.50	345.00-37.50
Mch	345.55-45.75	340.80-40.85	355.00-40.00
May	340.50-41.00	336.00-36.25	347.25-35.50
Aug	328.20-27.00	322.50-23.25	335.00-22.50
Oct	315.00-16.00	310.00-12.00	321.00-14.00
Jan	294.00-99.00	292.00-300.0	300.00

Sales: 9,815 (4,965) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Aug. 305.00 buyer, 314.00-300.00, 99; Oct. 328.05, 328.50, 336.50-324.00, 507. Sales: 605 (256).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £404.0 (£393.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 26: Daily price 30.79 (30.89): 15-day average 32.23 (32.40).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian. cents per pound. Oct. 459.0, 461.0, 461.0-457.5, 41; Dec. 467.8, 468.0, 468.0-462.0, 92: March 475.0, 477.0, 477.0-473.0, 110; May 479.8, 480.0, 479.9-475.5, 69; July 487.0, 488.0, 487.0-482.5, 29; Oct. 486.0, 486.0-482.0, 22; Dec. 486.0, 486.0-483.0, 2. Sales 365.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Aug. 360, 365, nil, nil; Oct. 360, 364, nil, nil: Dec. 364, 369 nil, nil; Jan. 370, 372 370, 5; March 370, 372, 370-369, 6; May 370, 373, 371-370, 2; Aug. 372, 375, 373-372, 7; Oct. 372, 375, 374, 2; Dec. 373, 379, 376 5; Jan. 373, 378, 376, 5. Sales: 32.

POTATOES

LONDON POTATO FUTURES—Only a small volume of routine trade was seen, in a very quiet, featureless market, reports Coley and Harper. Closing prices: Nov. 40.10 +10; Feb. 47.10 unchanged; April 53.80 +10 (high 53.80, low 53.70. Turnover: 9 (19) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 27 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1770/1800	....	$1770/90
Copper			
Cas w'bar	£857	+6	£936.5
3 mths	£873.25	+5.5	£954.75
Cash Cathode	£824		£906
3 mths	£846.75	+2.25	£931
Gold troy oz	$634.5	+3	$648.5
Lead Cash	£364.5	+2	£350
3 mnths	£378.125	+2.37	£362.5
Nickel	£3,186.45		£3,248.35
Freemkt (cif lb)	290/315c	....	295/310c
Platin'mtr'y oz	£182.50	....	£182.50
Free mkt	£272.50	-1.9	£281.80
Quicksilver†	$410/420	....	$395/405
Silver troy oz	672.65p	-5.8	688.10p
3 mths	700.10p	-5.5	714.10p
Tin Cash	£7,110	-10	£7,205
3 mths	£7,113	-2.5	£7,212.5
Tungsten 22.04lb	$144.74	....	$142.65
Wolfrm 22.04 lbs	$149/153	....	$146
Zinc cash	£3305	+3.25	£301.5
3 months	£340.75	+2	£312.5
Producers	$780	....	$780
Oils			
Coconut (Phil)	$615r	....	‡
Groundnut	‡	....	‡
Linseed Crude	£397	....	‡
Palm Malayan	$505t	....	‡
Seeds			
Copra Philip	$420x	....	‡
Soyabean (U.S.)	$323.25t	+1.25	‡
Grains			
Barley Futures	£95.80	+0.55	£96.10
Maize			
French No3AM	‡	....	‡
Wheat			
No.1 Red Spg.	‡	....	‡
No2HardWint	£95.75	....	£95.50
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,057	....	£1,082
Future Dec.	£996.5	....	£1,038.5
CoffeeF t' Nov.	£1,161.5	+28.5	£1,163
Cotton A Index	99.0r	+0.7	90.60c
Rubber (kilo)	64.50p	+2.5	66.50p
Sugar (Raw)	£313	+9	£282
Woolt'ps 64s kl.	286p kilo	....	288p kilo

‡ Unquoted. r Aug.-Sept. s Sept. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask.

JUTE

JUTE—Sept. c. and f. Dundee: BWC £201, BWD £172, BTB £241, BTC £207, BTD £176. Antwerp Sept.: BWC $483, BWD $402, BTB $576, BTC $488, BTD $411. Jute goods c. and f. Dundee: Sept. 40-in 10-oz £12.63, 40-in 7½-oz £9.92. "B" twills £30.37.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 128 tonnes, bringing the total for the week so far to 305 tonnes. Despite the big rise in prices, users still appeared to want additional supplies. Minor operations took place, with most interest being shown in Middle Eastern qualities, including Israel and Turkish varieties.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.0 to 66.0: Ulster hindquarters 72.0 to 75.0, forequarters 40.0 to 42.0; Eire hindquarters 71.0 to 74.0, forequarters 39.0 to 41.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 50.0 to 58.0, medium 45.0 to 52.0, heavy 40.0 to 46.0; Scottish medium 45.0 to 49.0, heavy 40.0 to 46.0. Imported frozen: NZ PL 58.0 to 58.0, PM 51.0 to 52.0. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 38.0 to 46.0, 160-180 lb 36.0 to 44.0. Grouse: Young best, each 200.0 to 240.0: old each 100.0 to 140.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 27. GB cattle 74.14p per kg lw (+0.40): UK sheep 112.38p per kg est dcw (+2.65); GB pigs 63.96p per kg lw (−0.95).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 5.45, 112 4.30, 138 3.95, 150 3.20, Navelates 48 5.20, 56 5.50, 72 5.60, 88 5.10, 112 4.05, 138 3.75, 150 3.00, Tomangos/Protees 48 4.80, 56 5.20, 72 5.30, 88 4.80, 112 4.00, 138 3.65, 150 3.00. Lemons—Italian; 100/150 6.25-6.30; Spania: Trays 25/45 2.50-2.80; S. African: 9.50-10.00. Grapefruit—Outspan: Marsh Seedless 4.50-6.75. Apples—French: Approx. 20 lb, Golden Delicious 72's 3.00-3.20, 40 lb 125/150 6.00-6.50; Spanish: Granny Smith 28 lb 8.00. Pears—French: Per 28 lb Dr. Guyot 3.60, Williams 4.00; Italian: Per pound Williams 0.18-0.20. Peaches—Italian: 1½ trays 2.80-3.20. Nectarines—Italian: 4.00-4.80. Plums—Italian: Boxes, approx. 20 lb, Belles 3.00; Spanish: Santa Rosa 1.00-1.50. Grapes—Cyprus: Per pound Cardinal 0.35, Sultana 0.25-0.28, Alphonse Lavallee 0.40, Thomson 0.40; Italian: Per pack Regina 2.20-2.60. Melons—Spanish: Yellow 10 kg 3.50-4.00. Water-melons—Greek: Per 20 kg 5.00, per 15 kg 4.00. Bananas—Jamaican: 28 lb, per pound 0.18-0.19. Tomatoes—Jersey: 2.20; Guernsey: 2.20-2.60; Dutch: 2.80.

English Produce: Potatoes—Per bag, new 1.00-1.40. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Grenadier 0.04-0.05, Howgate 0.06-0.07, Derby 0.07-0.08, Miller's Seedling 0.16-0.18, Tydeman's Early Worcester 0.12-0.18, Discovery 0.16-0.22, Bramleys 0.10-0.14. Plums—Per 12 lb Quillin's Gage 1.20, Belles 1.80, Czar 0.60, Victorias 2.20. Cabbages—Per bag 1.50-1.60. Cauliflowers—Per 12 1.50-1.80. Peas—Per pound 0.06-0.07. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 1.60-2.40. Tomatoes—Per 12 lb 2.00-2.40. Lettuce—Per 12, round 1.00-1.20, Cos 1.40, Webbs 1.40. Carrots—New crop 28 lb 1.20-1.50. Onions—Per bag 2.40-2.80. Celery—Per 20/30 2.50-2.60. Marrows—Box 12/15 1.00. Capsicums—Per pound 0.15. Runner Beans—Per pound 0.12-0.18. Swedes—Per 28 lb Devon 1.00-1.20. Courgettes—Per pound 0.12. Sprouts—Per pound 0.14.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.20, codlings £3.30-£5.00. Large haddock £3.80-£4.20, medium £2.50-£3.50, small £1.20-£2.30. Large plaice £5.00-£5.70 medium £4.20-£5.50, best small £3.30-£4.80. Skinned dogfish (large) £7.50-£8.00, (medium) £4.80-£5.60. Lemon soles (large) £7.50 (medium) £6.50. Rockfish £2.80-£3.00. Reds £2.20. Saithe £2.00-£3.20.

AMERICAN MARKETS

NEW YORK; August 27.

THE LIVESTOCK complex sold off on the close as ample marketings encouraged profit-taking. A large EEC tender put some pressur eon an otherwise stable sugar market, producing mixed closes. Early strength in copper gave way to losses. Precious metals recovered on reports of unsettled conditions in Poland. Coffee closed firm. Cocoa prices gained from dealer and trade support. Profit-taking pushed cotton prices sharply lower. Wheat closed higher, while maize closed moderately lower. Soyabeans traded actively, finishing slightly lower, reported Heinold.

Potatoes (round whites)—Nov. 86.2 (84.4). March 120.0 (118.2), April 145.0-145.4.

Sugar—No. 11: Sept. 31.00-31.10 (31.38), Oct. 31.85-31.90 (32.10). Jan. 33.25-33.45, March 34.30-34.35, May 33.85, July 33.00-33.05, Sept. 31.70, Oct. 30.90, Jan. 27.50.

Tin—780.0-787.0 (777.0-784.0).

CHICAGO, August 27.

Lard—Chicago loose 23.25 (23.50). New York prime steam 23.50 (same).

Live Cattle—Oct. 68.00-68.20 (68.72). Dec. 68.55-68.75 (69.00). Jan. 70.00, Feb. 70.30-70.20, April 72.05-72.00, June 73.50, Aug. ——.

Live Hogs—Oct. 44.30-44.45 (45.25). Dec. 45.22-45.40 (46.05), Feb. 47.55-47.70, April 46.60, June 50.30, July 51.10, Aug. 49.85, Oct. 49.20, Dec. ——.

‡‡Maize—Sept. 349-348½ (352). Dec. 348¾-350 (362¼). March 359-359½, May 360½-361, July 360¾-360½, Sept. 350-350½.

Pork Bellies — Feb. 58.20-58.40 (58.85), March 57.90-57.85 (58.75), May 58.65, July 58.95, Aug. 58.00.

Silver—Sept. 1620.0 (1614.0), Oct. 1634.0 (1628.0), Nov. ——, Dec. 1670.0-1668.0, Feb. 1710.0, April 1750.0, June 1790.0, Aug. 1830.0, Oct. 1870.0, Dec. ——, Feb. ——, April ——, June 2033.0, Aug. 2074.0, Oct. 2115.0, Nov. ——, April ——.

†Soyabeans—Sept. 765-764½ (768¼). Nov. 785-788 (789). Jan. 800-802. March 816-817, May 823, July 823, Aug. 817, Sept. 798.

‖Soyabean Meal—Sept. 217.5 (219.2). Oct. 220.7 (222.1). Dec. 226.0-225.7. Jan. 228.0, March 230.0, May 231.7-232.0, July 233.0-233.5, Aug. 231.5. Sept. 230.0-230.5.

Soyabean Oil — Sept. 25.75-25.80 (25.78), Oct. 26.10-26.05 (26.07), Dec. 26.50-26.60, Jan. 26.70-26.80, March 27.05-27.25, May 27.40-27.50, July 27.60, Aug. 27.60-27.70, Sept. 27.60-27.50.

†Wheat—Sept. 447-447½ (445¾). Dec. 470-471½ (467½), March 490½-490, May 495-496, July 494, Sept. 500½.

WINNIPEG, August 27. §Barley—Oct. 139.20 (138.80), Dec. 138.20 (138.00), March 138.30, May 138.70, July 137.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 27.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $210, Oct. $214, Nov. $217, Dec. $220, Jan. $223, Feb. $225, March $228. U.S. No. 2 Red Winter Sept. $196, Oct. $200, Dec. $202. U.S. No. 2 Northern Spring, 14 per cent, Sept. $208, Oct. $214, Nov. $218, Dec. $222, Jan. $236, Feb. $244, March $246.

Maize—Afloat $170, Aug. $168, Sept. $167, Oct. $168, Nov. $169, Dec. $171, Jan.-March $176.50, April-June $177.50 sellers, Nov. $168 traded.

Soyabeans—U.S. Two Yellow Gulfports afloat, Aug. $306.50, Sept. $309.50, Oct. $317.25, Nov. $319, Dec. $324, Jan. $329.25, Feb. $335.25, March $336.75, April $338, May $339.50 sellers. Argentine Aug. $299, Sept. $301, Oct. $310 sellers.

Soyameal—44 per cent protein U.S. afloat $252, Aug. $260, Sept. $267, Oct. $272 sellers, $271 traded, Nov.-March $280. Brazil Pellets Aug. $274, Sept. $278, Oct. $285.50, Nov.-March $295.

PARIS, August 27.

Cocoa (FFr per 100 kilos)—Sept. 915-935, Dec. 969-970, March 1003-1010, May 1010-1030, July 1035-1060, Sept. 1045-1085. Sales at call 2.

Sugar (FFr per 100 kilos)—Oct. 3125-3130, Nov. unquoted, Dec. 3192-3195, March 3305-3315, May 3290-3305, July 3180-3260, Aug. 3120-3190, Oct. 3080-3160. Sales at call 1.

INDICES

FINANCIAL TIMES

Aug. 26	Aug. 22	Mnth ago	Year ago
275.96	272.67	272.60	287.17

(Base: July 1, 1952=100)

MOODY'S

Aug. 26	Aug. 25	M'nth ago	Year ago
1231.0	1229.7	1201.0	1097.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 26	Aug 25	Month ago	Year ago
Spot	443.19	440.14	437.76	403.21
F'tur's	470.89	463.15	445.31	412.60

(Average 1924-25-26=100)

REUTERS

Aug. 27	Aug. 26	M'nth ago	Year ago
1737.2	1727.2	1700.9	1560.3

(Base: September 18, 1931=100)

COMPANY NOTICES

CITY OF OSLO

UA 25,000,000 9¾% 1975/1985 BONDS

Bonds for the amount of UA 3,250,000.- have been drawn on August 14, 1980, in the presence of a Notary Public for redemption on October 15, 1980.

The following Bonds will be reimbursed coupon due October 15, 1981, and following attached:

00614 to 01786 incl.
and 02271 to 04337 incl.

Amount unamortized: UA 18,750,000.-

Outstanding drawn Bonds:

2106 to 2107 incl., 11063 to 11077 incl., 11152 to 11157 incl., 11176 and 11177, 19876 to 19883 incl., 20015 and 20016, 20305 to 20308 incl., 20337 and 20338, 20390, 22918 to 22923 incl., 22959 to 22963 incl., 23028 to 23071 incl., 23091, 23140 to 23142 incl., 23147 to 23149 incl., 23155 to 23158 incl., 23165 and 23166, 23193, 23279 to 23284 incl., 23332, 23343, 23408 to 23417 incl., 23511 to 23518 incl., 23585 to 23601 incl.

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
August 28, 1980.

J. W. CAMERON & CO. LIMITED

4½%-6½% DEBENTURE STOCKS

NOTICE IS HEREBY GIVEN that the company's Debenture Stock Registers will be closed from the 6th September to the 19th September, 1980, both dates inclusive.

By Order of the Board
C. F. PORTER
Secretary

Greenbank Offices
Lion Brewery
Hartlepool
Cleveland
TS24 7QS

O.F. CORPORATION
(O.F. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

EDR holders are hereby informed that copies of the interim report of O.F. Corporation for the six month period ended 31st May 1980 are now available at the offices of the Depositary, 20 Fenchurch Street, London EC3P 3DB and of the Agent, Banque Generale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

KLEINWORT, BENSON LIMITED
Depositary

London,
28th August 1980

EDUCATIONAL

SCHOOL OF ORIENTAL AND AFRICAN STUDIES

(University of London)

EXTRAMURAL DIVISION

announce

INTENSIVE RESIDENTIAL COURSES IN SPOKEN ARABIC FOR BUSINESSMEN

ARABIC I - for complete beginners
ARABIC II - at intermediate level
15-19 Sept., 1980 ARABIC I £300
22-26 Sept., 1980 ARABIC II £300

Enquiries to: Mr. Graham Thomas, Assistant Organiser, Extramural Division, School of Oriental and African Studies Malet Street, London WC1E 7HP. Tel: 01-637 2388, Ext. 578.

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that MISS WINNIE VIERRA of 85 Durham Road, London, N2 9DS, is applying to the Home Secretary for naturalisation, and that any person who knows any reason why naturalisation should not be granted should send a written and signed statement of the facts to the Under Secretary of State, Home Office (Nationality Division), Lunar House, 40 Wellesley Road, Croydon CR9 2BY.

PUBLIC NOTICES

KIRKLEES METROPOLITAN COUNCIL

£4,500,000 Money Bills for issue offered on the 27th August, 1980, to mature 26th November, 1980. Tenders were received for £46,500,000 and all the Bills were allotted at 14¹¹⁄₁₆% nett Discount. The total amount of Bills outstanding is £7,500,000.

Strong pound fails to help Gilt market depressed by Continental and domestic selling—Equities follow

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "New time" dealings may take place from 9 am two business days earlier.

Continental and domestic selling put Government securities under pressure in London stock markets yesterday and falls of nearly a point were incurred by some longer-dated issues. European profit-taking on the heels of sterling's enthusiastic response to Texaco's latest North *Sea oil discovery may have* touched off overseas offerings in a Gilt market pondering about increased competition for in*vestment funds following Switzer*land's decision to lift its limitations on the inflow of foreign deposits; interest on these can from next Monday be paid without restriction.

Most operators still considered the Gilt-edged market to be lacking in scope for current appreciation and were basically concerned about the UK money supply situation; the August banking statistics are due to be announced next Tuesday. Sales of Gilts thus met little resistance and two attempts to rally, one in the early morning and another in the late afternoon, were short-lived. The partly paid medium tap stock, **Treasury 11¾ per cent 1991 A**, slipped ⅞ *to* 45⅜, or 4⅝ discount on its July 23 issue price, while **Treasury 15¼ per cent 1998** also gave up ⅞, at 108. Short-dated stocks fared a little better, ending with losses of around ¼.

Blue Circle's cash call of £47m put the equity sectors on the defensive for the first hour or so of trading, but a reasonable rally got under way led by selected Electricals and many leading shares returned to their overnight positions. Later, however, *trade dried up and the in*dustrial sectors turned uncertain in the wake of the Gilt market's easiness to leave falls in FT-quoted industrials outnumbering rises by five-to-two. The result was that the FT 30-share index, only 1.6 down at the 3 p.m. calculation, exended its fall to close 4.3 lower at 491.5. Conversely, **ICI** moved up to 362p before closing a net 4 dearer at 360p ahead of secondquarter figures, due today.

More active conditions prevailed in Traded options with *1,152 deals being arranged.* **Imperial** remained in demand and attracted 301 contracts, while **Lonrho** and **Grand Metropolitan** *were dealt 187 and 149 times* respectively.

Banks quietly dull

In a lethargic Banking sector, **Barclays** and **Midland** shed 4 apiece to 420p and 330p respectively. Merchant Banks, good of late on investment support, closed lower in places on technical influences, **Hambros** easing 6 to 552p and **Hill Samuel** soften*ing 3 to 141p.* ***Hongkong*** and **Shanghai** fell 4 for a two-day loss of 9 to 151p on the disappointing half-year results.

Insurances again turned back from a firmer opening and closed with modest falls throughout. The interim results made no apparent impression on **Pearl** which held at 430p following the announcement before drifting off in line with other Life issues and closing 4 *cheaper on balance at* 426p.

Demand for Breweries was sparse and movements were restricted to a penny either way. **Belhaven**, good of late following the chairman's annual review, eased the turn to 32p.

Down to 360p in immediate reaction to the proposed £47m rights issue, **Blue Circle** rallied to close just 4 cheaper on balance at 366p on consideration of the sharp increase in interim profits and the forecast of an increased dividend; **Armitage Shanks** put on 4½ to 107½p on an intimated fresh offer for the company from Blue Circle if Monopolies Commission clearance is given. Also in the Building sector, **Cement-Roadstone** rose 4 to 87p in response to the good half yearly profits and confident statement. Elsewhere, **Federated Land and Building** jumped 6 to a 1980 peak of 95p on speculative buying, while **Marchwiel**, at 88p, recovered 4 of the previous day's fall of 12 that stemmed from the sharply lower interim profits. **Higgs and Hill** eased a couple of pence to 79p on thoughts that BICC's intimated bid for the company may materialise.

Recently dull on nervous selling in front of today's second-quarter results, **ICI** rallied 4 to 360p. **Fisons** lost 5 to 230p on lack *of support, while small* selling clipped a couple of pence from **Allied Colloids**, 108p. **Stewart Plastics**, on the other hand, improved 2 to 94p.

Mail-orders easier

Leading Stores trended to lower levels although actual selling was light. **House of Fraser**, interim next Tuesday, fell 4 to 143p, while **GUS A** lost a similar amount to 462p. **UDS**, 68p, and **Debenhams**, 72p eased a couple of pence apiece, while ***Woolworths*** shed 1½ at 55½p. Fears that profits will diminish still further unsettled mail-orders with **Empire** closing 6 lower at 160p, **Freemans** 4 off at 124p and **Grattan Warehouses** 2 down at 60p. Elsewhere among secondary counters, **Harris Queensway**, a firm market recently on recovery hopes, met profit-taking and dipped 6 to 160p. **H. Goldman** remained a buoyant market *fol*lowing Tuesday's announcement that Mr. Ian Wasserman holds 10 per cent of the equity and the shares reached 23p before settling for a net gain of 2 at 19p for a two-day gain of 5½. Support was also noted for **Cope Sportswear**, 3 better at 20p, and for **Polly Peck**, 2 up at 105p.

Leading Electricals encountered further profit-taking, **GEC** settling with a fresh loss of 6 at 494p and **Thorn EMI** 4 lower at 362p. Talk of the possibility of a rights issue with today's quarterly report caused initial dullness in **Plessey** which opened lower at 233p but rallied to 240p before closing without alteration at 236p. Still reflecting the warning of a slowdown in the company's rate of progress, **Unitech** met further selling and eased 5 to 324p *for a two-day* loss of 18. **Farnell** reacted 8 to 370p and **H. Wigfall** 5 to 135p.

Engineering leaders traded easier, **Hawker** reacting 4 to 222p and **Vickers** 3 to 130p. Among the scattered movements in secondary issues, **Victor Products** met *profit-taking following the pre*liminary results and gave up 7 to 208p, while **Thomas Robinson** reacted 4 to 73p on the reduced interim earnings. Still reflecting the statement on current trading, **IMI** eased 2 more to 57p. **Rotork** ended without alteration at 58p, after 56p, following the half yearly statement.

Food Retailers moved against the *generally dull trend follow*ing the excellent *preliminary* results and proposed one-for-three scrip issue from ***Associated Dairies*** which touched 226p before closing a net 2 up at 220p. **J. Sainsbury** also closed 2 firmer, at 475p, after 478p, while **Tesco** hardened a penny to 60p and **Kwik Save** put on 4 to *127p.* *Elsewhere,* **Tate and Lyle**, a good market, earlier in the Account on forecasts of a rise in the sugar price, eased 4 *to 158p and* ***British Sugar*** *simi*larly shed 3 to 260p. **Lidstone** were marked 10 higher to 320p on the 280p per share cash bid from Security Exchange.

The better-than-expected interim profits and the chairman's confident remarks left ***Ladbroke*** *3 firmer at 198p, after* 200p. Among other Hotels and Caterers, **Wheeler's** revived with a gain of 10 at 265p in a thin market.

Hoover down afresh

Losses in the miscellaneous industrial leaders were usually limited to a few pence, but **Metal Box** encountered offerings and reacted 8 to 268p, while **Turner and Newall** were also noteworthy for a fall of 6 at 112p; the latter's *interim results* are due on September 11. Elsewhere, continuing concern about overseas competition prompted fresh dullness in **Hoover A** which gave up 7 more to 128p. **Royal Worcester** lost 10 to 320p after the interim figures, while comment on the half-yearly results caused a fresh reaction of 4 to 147p in **Brammer**. Other scattered losses included falls of *3 in* ***Restmor****, 89p,* ***Reed Executive****,* 62p, and **Dundonian**, 63p. **Rotaprint** eased a penny to 15p following the profits warning. On *the other hand,* ***Aeronautical*** and **General** continued firmly at 430p, up 10, while **Johnson Matthey** improved 4 to 210p following the near-31 per cent *increase in first* quarter profits.

Motor sectors again traded quietly. In Components, **Brown Brothers**, *closed a penny better* at 29½p, after 30½p following the increased annual profits and dividend. **Dunlop**, 73p, and **Dowty**, 254p, both firmed a penny. Elsewhere, **Rolls-Royce** shed a couple of pence to 62p; the company is putting 800 workers on a three-day week next month.

International Thomson moved up a penny to 323p in response to the expected jump in first-half profits.

Steady at first, Properties subsequently gave ground as sellers gained the upper hand, **Land Securities** and **MEPC** losing 3 apiece to 366p and 236p respectively. **British Land** became a particularly dull market and shed 4 to 92p. Against the trend, **Slough Estates** added a couple of pence to 143p on the satisfactory interim results, while ***Carrington Investments*** put on 5 for a two-day gain of 10 to 110p. Responding afresh to Far-Eastern influences, **Hong Kong** ***Land*** *put on 10 more to 150p.*

Oils trend lower

Oils held relatively steady until the late dealings when prices tended to ease a few pence. **BP** closed 4 cheaper at 348p and **Shell** 6 lower at 414p among the leaders. Elsewhere, **Tricentrol**, 324p, and **Ultramar**, 334p, gave up 4 apiece, while, in the more speculative exploration issues, **Aran** stood out with a fall of 18 to 442p.

In Overseas Traders, **Gill and Duffus** continued to benefit from a favourable Press mention and closed 3 better for a two-day rise of 11 at 172p. **Lonrho** gave up 3 at 92p.

Selective interest was shown in Capital issues. **Derby Trust** rose 5 to 195p and gains of 6 were recorded in **City and Commercial**, 183p, and **Triplevest**, 375p.

Textiles were featured by ***Mountleigh*** which announced more-than-doubled annual earnings and dividend and improved 6 to 89p. Elsewhere, the tone was easier with falls of around 3 common to **Tern-Consulate**, 32p, and **Radley Fashions**, 30p, the latter for a two-day loss of 5.

Good gains in Golds

South African gold shares staged a *strong rally and* recovered all and more of Tuesday's losses as the bullion price gained ground to close $3 up at $634.50 an ounce.

Share prices got off to a good start as overnight American support followed through into London and prompted jobbers to mark quotations higher. Subsequent interest from most quarters lifted prices further and closing levels were easily the day's best. The Gold Mines index registered an advance of 11.1 to 386.6, its highest since July 2, 1975.

Among the heavyweights, gains extended to £1¼ as in **Buffels**, which reached a 1980 high of £18⅜, while **West Driefontein** rose a point to £38¼, **Kloof** ¾ to £14⅞, and **Libanon** ¼ to a year's high of £11¼.

In the medium- and lower-priced issues, **Blyvoor** moved up 25 to 720p and **Doornfontein** 52 to 810p.

South African Financials were featured by "**Amgold**," which put on £1⅞ to £44 following a sizeable buying order believed to have emanated from the Continent, and **Johnnies**, which jumped £2¼ to £30 reflecting the record profits and sharply increased final dividend.

The London Financials, however, tended to drift throughout the day. **Rio Tinto-Zinc** dipped 5 to 470p. **Tanks** dropped 10 to 330p reflecting the absence of any news from the Ashton diamond venture in Western Australia.

Platinums moved ahead in line with Golds. **Impala** rose 10 to a year's high of 360 and **Rustenburg** gained 8 to 263p.

A poor performance by overnight Sydney and Melbourne markets encouraged persistent small selling of Australians. Among the leaders, **Western Mining** dropped 12 to 298p, **Utah Mining Australia** 10 to 265p, and **EZ Industries** 5 to 330p, the last-named following the poor profits performance in the second half.

The speculatives showed **Nickelore** 7 cheaper at 40p, **Swan Resources** 5 down at 85p and **Monarch Petroleum** and **Lennard Oil** 3 lower at 34p and 74p respectively.

FINANCIAL TIMES STOCK INDICES

	Aug. 27	Aug. 26	Aug. 25	Aug. 21	Aug. 20	Aug. 19	A year ago
Government Secs	68.25	68.72	68.97	69.18	69.13	69.07	73.64
Fixed Interest	70.10	70.18	70.48	70.56	70.54	70.55	74.55
Industrial	491.5	495.8	498.9	497.9	491.7	488.1	464.3
Gold Mines	386.6	375.5	380.5	384.0	372.0	367.9	191.0
Ord. Div. Yield	7.38	7.32	7.26	7.27	7.36	7.42	7.00
Earnings, Yld. % (full)	17.42	17.28	17.16	17.18	17.30	17.43	17.41
P/E Ratio (net) (*)	6.94	7.00	7.05	7.04	6.98	6.92	7.23
Total Bargains	18,127	18,587	16,685	17,605	17,011	17,434	—
Equity turnover £m	—	94.26	97.86	133.87	99.25	108.82	69.78
Equity bargains total	—	12,588	12,822	13,409	12,976	13,406	9,798

10 am 493.4, 11 am 493.4, Noon 494.4, 1 pm 494.4, 2 pm 494.2, 3 pm 494.2.

Latest Index 01-246 8026.

* Nil = 6.47.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

S.E. ACTIVITY

[illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (72)

[illegible]

NEW LOWS (24)

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, August 26

Merchant Banks	+60.00	All-Share Index	+25.99
Insurance (Life)	+59.88	Industrial Group	+24.39
Electricals	+54.10	Pharmaceutical Products	+24.21
Mining Finance	+53.62	Mechanical Engineering	+23.53
Electronics, Radio and TV	+45.96	500-Share Index	+22.31
Shipping	+45.38	Other Groups	+22.24
Property	+41.06	Breweries	+19.37
Investment Trusts	+40.92	Engineering Contractors	+17.68
Gold Mines FT	+39.80	Consumer Goods (Non-Durable) Group	+17.54
Hire Purchase	+36.07	Food Manufacturing	+16.81
Insurance (Composite)	+35.19	Tobaccos	+15.70
Capital Goods Group	+34.08	Oils	+14.75
Building Materials	+31.93	Newspapers and Publishing	+14.52
Overseas Traders	+31.92	Metal and Metal Forming	+13.95
Financial Group	+31.49	Packaging and Paper	+13.28
Contracting and Construction	+30.14	Chemicals	+12.89
Discount Houses	+29.61	Wines and Spirits	+10.82
Consumer Goods (Durable) Group	+28.13	Banks	+ 8.62
Insurance Brokers	+27.18	Office Equipment	+ 4.15
Entertainment and Catering	+26.93	Textiles	− 1.32
Stores	+26.63	Motors and Distributors	− 2.17
Food Retailing	+26.27	Household Goods	−20.88
		Toys and Games	−43.83

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., Aug. 27, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Aug. 26 Index No.	Fri., Aug. 22 Index No.	Thurs., Aug. 21 Index No.	Wed., Aug. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	284.61	−0.5	16.02	5.79	7.53	286.14	288.49	287.27	283.40	242.57
2	Building Materials (28)	260.41	−0.4	17.80	6.44	6.62	261.47	261.97	263.05	259.35	225.09
3	Contracting, Construction (27)	422.14	−0.1	21.99	5.76	5.41	422.61	424.31	422.65	419.54	374.22
4	Electricals (17)	840.83	−0.7	11.46	3.16	10.69	847.06	861.94	854.60	842.32	614.23
5	Engineering Contractors (11)	338.51	—	20.34	7.70	6.18	338.53	339.00	337.80	332.98	351.79
6	Mechanical Engineering (72)	183.71	−0.7	16.49	7.29	7.41	185.02	185.36	184.23	181.32	171.84
8	Metals and Metal Forming (16)	164.78	−0.2	22.00	10.32	5.43	165.11	166.08	166.06	164.65	162.05
11	CONSUMER GOODS (DURABLE) (49)	242.24	−0.7	15.47	5.27	8.88	243.94	244.72	241.55	236.57	236.83
12	Lt. Electronics, Radio, TV (14)	371.16	−0.7	13.03	3.80	11.74	373.86	375.24	368.86	359.43	336.38
13	Household Goods (14)	90.33	−1.9	26.83	11.34	4.70	92.10	92.94	93.09	92.31	145.67
14	Motors and Distributors (21)	101.02	−0.3	21.89	9.30	5.26	101.37	101.40	101.26	100.68	113.26
21	CONSUMER GOODS (NON DURABLES) (172)	241.98	−0.5	16.98	6.65	7.11	243.21	242.71	241.93	238.42	235.75
22	Breweries (14)	297.32	—	15.29	6.19	7.63	297.19	297.49	296.17	293.70	288.39
23	Wines and Spirits (5)	324.50	−0.1	18.85	6.28	6.28	324.85	322.49	315.39	313.02	318.47
24	Entertainment, Catering (17)	346.55	−0.2	16.72	6.46	7.36	347.09	346.53	342.87	340.76	303.43
25	Food Manufacturers (21)	221.64	−0.2	18.31	6.77	6.42	222.14	220.87	220.35	216.44	206.86
26	Food Retailing (13)	374.48	+0.8	11.27	4.25	10.59	371.34	367.03	363.37	355.55	307.36
32	Newspapers, Publishing (13)	439.82	—	21.38	7.05	6.16	439.99	439.16	441.53	436.35	417.76
33	Packaging and Paper (15)	129.48	−0.8	27.54	10.11	4.22	130.56	131.18	132.19	129.82	126.95
34	Stores (45)	238.85	−1.3	13.00	5.26	10.03	242.07	242.01	241.80	237.38	238.19
35	Textiles (21)	123.55	−0.3	26.27	12.52	4.63	123.91	123.38	123.78	124.26	155.90
36	Tobaccos (3)	229.22	−0.4	25.04	10.16	4.54	230.21	230.70	231.11	227.65	240.91
37	Toys and Games (5)	26.40	−1.2	8.52	14.44	27.15	26.73	26.75	26.77	26.41	73.82
41	OTHER GROUPS (99)	227.95	−0.4	16.20	6.80	7.33	228.81	229.26	228.65	227.44	204.68
42	Chemicals (16)	315.27	+0.6	19.68	7.65	5.82	313.51	316.48	315.45	316.73	289.44
43	Pharmaceutical Products (7)	238.59	−1.0	10.61	5.81	11.66	241.00	240.10	234.47	236.43	229.83
44	Office Equipment (6)	106.80	−1.2	18.96	7.77	6.15	108.08	107.69	107.15	107.40	116.82
45	Shipping (10)	611.37	−0.8	12.56	5.82	9.71	616.57	617.88	615.04	608.27	446.62
46	Miscellaneous (60)	282.15	−0.7	16.05	6.56	7.62	284.20	283.80	283.45	280.46	240.90
49	INDUSTRIAL GROUP (491)	257.07	−0.5	16.44	6.36	7.38	258.36	258.88	257.83	254.59	237.28
51	Oils (9)	789.18	−1.2	28.12	6.55	3.93	799.08	803.00	805.49	801.08	620.00
59	500 SHARE INDEX	299.30	−0.7	18.83	6.40	6.25	301.26	302.05	301.27	297.93	268.48
61	FINANCIAL GROUP (118)	238.30	−0.6	—	5.40	—	239.80	239.87	239.29	238.00	187.71
62	Banks (6)	237.97	−0.6	42.94	7.07	2.79	239.33	239.72	239.76	237.51	211.61
63	Discount Houses (10)	284.23	—	—	6.24	—	284.23	284.23	284.23	284.49	261.66
64	Hire Purchase (5)	224.25	−0.3	13.82	4.46	9.43	224.96	224.68	221.13	219.38	172.74
65	Insurance (Life) (10)	247.68	−0.9	—	5.15	—	250.02	249.69	248.48	247.63	151.97
66	Insurance (Composite) (9)	163.66	−0.5	—	6.77	—	164.48	165.10	165.11	165.55	124.68
67	Insurance Brokers (9)	335.57	−1.4	13.80	6.87	9.92	340.26	342.72	342.63	343.05	270.05
68	Merchant Banks (12)	143.06	−0.4	—	4.97	—	143.60	143.23	141.98	138.07	99.88
69	Property (45)	443.76	−0.7	3.21	2.65	43.41	446.77	446.95	445.47	442.41	360.84
70	Miscellaneous (12)	148.42	−0.3	13.90	5.95	9.15	148.88	146.56	145.67	144.74	118.08
71	Investment Trusts (109)	271.24	—	—	5.31	—	271.25	269.59	267.51	263.08	214.10
81	Mining Finance (3)	246.23	−1.0	12.20	4.25	9.87	248.79	251.03	249.65	248.41	128.60
91	Overseas Traders (20)	434.86	−0.8	11.57	6.79	10.41	438.48	436.61	434.87	431.02	339.73
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS

[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
GEC	25p	8	494	− 6	512	326
Ladbroke	10p	8	198	+ 3	200	122
Plessey	50p	8	236	—	247	108
Racal Elec.	25p	8	303	+ 1	305	175
ICI	£1	7	360	+ 4	402	348
Assoc. Dairies	25p	6	220	+ 2	226	160
Barclays Bank	£1	6	420	− 4	430	327
Blue Circle	£1	6	366	− 4	388	238
Broken Hill Prop.	A$2	6	790	− 5	795	585
Charter Cons.	2p	6	232	− 3	238	134
Johnson, Matthey	£1	6	210	+ 4	210	102
NatWest Bank	£1	6	380	—	390	305
Tesco Stores	5p	6	60	+ 1	75	54
Distillers	50p	5	223	—	223	184
Thorn EMI	25p	5	362	− 4	374	260

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Call options were transacted in Racal, De Beers Deferred, FNFC, Plessey, Charterhouse Petroleum, Premier Oil, Coral Leisure, A.B. Electronic, Lonrho, Witwatersrand Nigel, UDT, ICI, Philips Petroleum, British Car Auction and United City Merchants. A put was arranged in Associated Dairies, while double options were completed in Plessey, P & O Deferred, Town and City Properties, Coral Leisure, Lonrho, Chloride, Phoenix Timber and Premier Oil.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA.

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA.

Arbuthnot Securities Ltd. (a) (c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd. E7. 01-534 5544

Baring Brothers & Co., Ltd.♥ (a)(x)
88, Leadenhall St., EC3. 01-588 2830

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2.

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Britannia/Schlesinger
Britannia Trust Management (a) (c) (g)

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Brown Shipley & Co. Ltd.♥(a)(g)
Harlands Hse., Haywards H'th, Sx. 0444-58144

Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P. Bar 51122

Capel (James) Mngt. Ltd.♥
100, Old Broad St., EC2N 1BQ 01-588 6010

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne 21165

Carr, Sebag Unit Trust Managers(a)
57/63, Princess St., Manchester 061-236 5685

Charities Charities N/R Fund‡‡

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Chieftain Trust Managers Ltd♥ (a)(g)
11, New St., EC2M 4TP. 01-283 2632

Chapterhouse Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs.♥
Pixham End, Dorking. 0306 5055

Funds in Court*

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)
77 London Wall, EC2 01-588 5620

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.† (a)
45 Beech St., EC2P 2LX 01-628 8011

Investment Intelligence Ltd.♥ (a)(g)
15, Christopher Street, EC2. 01-247 7243

Key Fund Managers Ltd. (a)(g)
25, Milk St., EC2V 8JE. 01-606 7070

Kleinwort Benson Unit Managers♥
20, Fenchurch St., EC3 01-623 8000

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥
18, Canynge Road, Bristol. 0272 32241

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Local Authorities' Mutual Invest. Tst.*
77 London Wall, EC2N 1DB. 01-588 1815

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Midland Bank Group
Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

MLA Unit Trust Mngemnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222-8177

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3V 0HH. 01-623 4200

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Northgate Unit Trust Managers Ltd. (c)(y)
20, Moorgate, EC2R 6AQ 01-606 4477

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pelican Units Admin. Ltd. (g)(x)
57-63, Princess St., Manchester. 061-236 5685

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd. (y)(c)
44, Bloomsbury Sq., WC1A 2RA 01-623 8893

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Quilter Management Co. Ltd.
The Stock Exchange, EC2N 1HP. 01-600 4177

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Rowan Unit Trust Mngt. Ltd. (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Saturn Fund Management Limited
44, Cannon Street, EC4N 6AE

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

Scottish Securities Ltd.

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq., Edinburgh 031-556 9101

Sebag Unit Tst. Managers Ltd.♥(a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)
45 Charlotte Sq., Edinburgh. 031-226 3271

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., EC2. Dealings: 0296 5941

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG.

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 32241

Ulster Bank♥ (a)
Waring Street, Belfast. 0232 35231

Unit Trust Account & Mgmt. Ltd.
Regis Hse, King William St. EC4R 9R. 01-623 4951

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

AMEV Life Assurance Ltd.♥
Alma Hse., Alma Rd., Reigate. Reigate 40101

Barclays Life Assur. Co. Ltd.
252 Romford Rd. E7. 01-534 5544

Beehive Life Assur. Co. Ltd.♥
71, Lombard St., EC3. 01-623 1288

Canada Life Assurance Co.
2-6, High St., Potters Bar, Herts. P. Bar 51122

Cannon Assurance Ltd.♥
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Capital Life Assurance♥
Conston House, Chapel Ash W'ton. 0902 28511

Charterhouse Magna Gp.♥

Chieftain Assurance Funds
11 New Street, EC2M 4TP 01-283 3933

City of Westminster Assurance
Ringstead House, 6, Whitehorse Road, Croydon CR0 2JA. 01-684 9664

Commercial Union Group
St. Helen's, 1, Undershaft, EC3. 01-283 7500

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Credit & Commerce Insurance
120, Regent St., London W1R 5FE. 01-439 7081

Crown Life, Crown Life Hse., Woking GU21 1XW 04862 5033

Crusader Insurance Co. Ltd.
Tower Hse., 38 Trinity Sq., EC3N 4DJ. 488 2323

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe. 0494 33377

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Family Assurance Society

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

General Portfolio Life Ins. C. Ltd.♥
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth. 0202 767655

Growth & Sec. Life Ass. Soc. Ltd.♥
Weir Bank, Bray-on-Thames, Berks. 0628 34284

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Hambro Life Assurance Limited♥
7 Old Park Lane, London, W1 01-499 0031

Hearts of Oak Benefit Society
129, Kingsway, London, WC2B 6NF 01-404 0393

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

Imperial Life Ass. Co. of Canada
Imperial House, Guildford. 71255

Irish Life Assurance Co. Ltd.
11, Finsbury Square, EC2. 01-628 8253

King & Shaxson Ltd.
52, Cornhill, EC3. 01-623 5433

Langham Life Assur. Co. Ltd.
Langham Hse., Holmbrook Dr., NW4. 01-203 5211

Legal & General (Unit Assur.) Ltd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU. Burgh Heath 53456

Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St., EC4N 4TP. 01-248 9678

Life Assur. Co. of Pennsylvania
39-42 New Rd., Chatham, Kent. Medway 812348

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-247 7699

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511

London Life Linked Assur. Ltd.
81 King William St., EC4N 7BD. 01-626 0511

The London & Manchester Ass. Gp.♥
Winslade Park, Exeter. 0392 52155

M & G Group♥
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

Manufacturers Life Insurance Co.
St. George's Way, Stevenage. 0438 56101

Merchant Investors Assurance♥
Leon House, 233 High St., Croydon 01-686 9171

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

NPI Pensions Management Ltd.
48 Gracechurch St., EC3P 3HH. 01-623 4200

New Zealand Ins. Co. (UK) Ltd.♥
Maitland House, Southend SS1 2JS 0702 62955

Norwich Union Insurance Group♥
PO Box 4, Norwich NR1 3NG. 0603 22200

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Planned Savings Group

Prop. Equity & Life Ass. Co.♥
119 Crawford Street, W1H 2AS. 01-486 0857

Property Growth Assur. Co. Ltd.♥
Leon House, Croydon CR9 1LU. 01-680 0606

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prudential Pensions Limited♥
Holborn Bars, EC1N 2NH. 01-405 9222

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

Royal Insurance Group
New Hall Place, Liverpool. 051-227 4422

Save & Prosper Group♥
4, Gt. St. Helens, Lndn., EC3P 3EP. 01-554 8899

*Prices on August 26.
†Weekly Dealings.

Schroder Life Group♥
Enterprise House, Portsmouth. 0705 27733

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Skandia Life Assurance Co. Ltd.
161-166 Fleet St., London EC4 2DY 01-353 8511

Solar Life Assurance Limited

Standard Life Assurance Company♥
3 George St., Edinburgh EH2 2XZ. 031-225 7971

Sun Alliance Fund Mangmt. Ltd.
Sun Alliance House, Horsham. 0403 64141

Sun Alliance Linked Life Ins. Ltd.
Sun Alliance House, Horsham 0403 64141

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400

Sun Life Unit Assur. Ltd.
107, Cheapside, London, EC2V 6DU. 01-606 7788

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury (0296) 5941

Transinternational Life Ins. Co. Ltd.
2 Bream's Bldgs., EC4A 1NU. 01-405 6497

Trident Life Assurance Co. Ltd.♥
London Road, Gloucester. 0452 36541

Tyndal Assurance/Pensions(a)(b)(c)
18, Canynge Road, Bristol. 0272 32241

Vanbrugh Life Assurance
41-43 Maddox St., Ldn. W1R 9LA. 01-499 4923

Vanbrugh Pensions Limited
41-43, Maddox St., Ldn. W1R 9LA 01-499 4923

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Bruxelles

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey. 0534 74806

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2.

Bridge Management Ltd.
GPO Box 590, Hong Kong

Britannia/Schlesinger
Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.

Capital International S.A.
43, Boulevard Royal, Luxembourg

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999

Clive Investments (Jersey) Ltd.
P.O. Box 320, St. Helier, Jersey 0534 37361

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey

Craigmount Unit Fd. Mgrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt

Delta Group
P.O. Box 3012, Nassau, Bahamas

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933

The English Association
4 Fore Street, EC2. 01-588 7081

Eurobond Holdings N.V.
Handelskade 24, Willemstad, Curacao.

F & C Mgmt. Ltd. Inv. Advisers
1-2, Laurence Pountney Hill, EC4. 01-623 4680

Fidelity International
P.O. Box 670, Hamilton, Bermuda
Waterloo Hse., Don St., St. Helier, Jersey

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., Hong Kong

Gartmore Fund Managers (C.I.) Ltd. (a)(h)
P.O. Box 32, Douglas, I.o.M. 0624 23911

Gartmore Investment Mngt. Ltd.

Gateway Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅛	99⅛	Exchequer 13pc 1980‡‡	99¾	......	13.10	15.40
99⅝	96¾	Treasury 11½pc 1981‡‡	98½	......	11.68	15.31
96	90¾	Treasury 3½pc 1979-81	95⅞	......	3.65	12.79
97⅞	93⅝	Treasury 9¾pc 1981‡‡	97⅞xd	......	10.09	14.61
96¼	91¼	Exch. 8¼pc 1981	95⅜	......	8.65	14.53
96⅝	92¼	Exch. 9½pc 1981	96⅛	–⅛	9.87	13.94
93¾	85½	Exch. 3pc 1981	93⅝	......	3.20	9.97
99⅛	96½	Treas. Variable '81§§	98¾	......	15.49	16.08
99⅜	95⅞	Exch. 12¾pc 1981‡‡	98⅜	–⅛	12.96	14.07
308	88½	Treas. 8½pc '80-82‡‡	93⅝	–⅛	9.07	13.63
91	82½	Treasury 3pc '82‡‡	90⅞	......	3.30	9.81
101⅜	96⅝	Treasury 14pc '82‡‡	100½xd	–⅛	13.93	13.71
98⅜	94¼	Treas. Variable '82§§	97¾	......	15.65	16.70
93⅛	86⅛	Treasury 8¼pc '82	91⅛	–¼	9.05	13.79
93⅜	86⅝	Exch. 9¼pc 1982	91⅜xd	–¼	10.06	13.90
92⅞	85	Exch. 8¾pc 1983	90⅛	–¼	9.67	13.57
83⅝	76½	Exch. 3pc 1983	83⅝	......	3.58	10.66
83⅜	82	Exch. 3pc 1983 A●	82⅞	......	3.61	11.06
98½	90⅞	Treasury 12pc 1983‡‡	96⅜xd	–¼	12.45	13.78
96½	90⅝	Treas. Variable '83§§	95⅞	......	15.96	17.17
92⅜	84½	Treasury 9¼pc '83	90¼	–¼	10.24	13.40
102⅛	94¼	Exch. 13½pc '83	99	–¼	13.63	13.83
93¾	84½	Exch. 10pc 1983	90⅝	–¼	11.06	13.69
84½	76½	Funding 5½pc '82-84‡‡	83½	......	6.59	11.50
97⅜	87¼	Exch. 11¼pc 1984	93⅜	–¼	12.05	13.71
104⅜	94½	Exchequer 14pc 1984	100¾	–¼	13.89	13.70

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	58½	......	8.57	13.17
83½	73½	Alcan 10½pc '89-94	80½	......	14.65	15.60
29¾	25	Met. Wtr. 3pc 'B'	27¼xd	......	11.06	13.16
103	89	U.S.M.C. 9pc 1982	100	......	9.16	—
92	85½	Do. without Warrants	90½	......	10.19	13.90

Financial

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98½	......	13.20	16.35
101½	93½	Do. 14pc '83	98½	......	14.22	14.55
88	79½	FFI (UK Fn) 5½pc Db. '80-2	86½	......	6.50	14.42
82½	71½	Do. 6¼pc Db. '81-84	79	......	8.10	13.50
92	80½	Do. 10¼pc Uns. Ln. '86	88½	......	12.05	14.00
91½	77	Do. 11pc Uns. Ln. '88	89½	–½	12.52	13.30
93½	82	Do. 11¾pc Uns. Ln. '90	91	......	13.14	13.80
101	84½	Do. 12½pc Un. Ln. 1992	90xd	......	13.88	14.30
66½	56	Do. 7¼pc A Deb. '89-92	63	–½	11.90	14.00
66½	51½	Do. 7¾pc A Db. '91-94	63½	......	12.02	13.70
76½	64½	Do. 9pc 'A' '91-94	74	......	12.51	13.30
71½	61	Do. 6¾pc Ln. '92-97	67½	–½	13.31	14.00

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	75	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
58	20	Chinese 4½pc 1898	20	......	—	—
45	18	Do. 5pc 1912	18	......	—	—
24	13	Do. 5pc 1913	13	......	—	—
24	15	Do. 5pc 1925 Boxer	15	......	—	—
35	28½	Greek 7pc Ass.	35	......	3½	f10.17
35	31	Do 6pc 28 Stab. Ass.	32	......	3	f9.75

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	89¼	–¼	6.32	14.94
85¼	72½	Do. 6pc 1981-83	83¼	......	7.28	12.69
67	58	N.Z. 7¼pc 1988-92	64½	–¼	11.44	13.53
81½	72	Do. 7½pc '83-86	79½	–¼	9.62	13.00
96¾	88	Sth. Africa 9½pc '79-81	95¾	–¼	10.25	16.45
160	95	S. Rhod. 2½pc Non-Ass.	98	......	—	29.86
169	133	Do. 6pc '78-81 N.-As.	143	+1	—	29.21

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Eastern Rand

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Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	147	......	—	—	—
97	52	Barymin	65	......	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	168	......	—	—	—
502	285	Cons. Murch. 10c.	300	−10	M0100c	1.8	19.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	360	−10	—	—	—
485	327	R.T.Z.	470	−5	15.0	3.2	4.6
33	16	Robert Mines	23	......	—	—	—
112	93	††SPO Minerals 10p	93	......	—	—	—
58	26	Sabina Inds. C$1	29	−2	—	—	—
51	34	††SWCM 10p	34	−3	—	—	—
650	411	Tara Exptn. $1	515	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✝ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◆ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	33	......			
Bertam	15	......	Conv. 9% '80/82	£92¾	+⅛
Edg'wtr. Est. 50p	450	......	Nat. 9¾% 84/89	£82	+⅛
Clover Croft	63	......	Fin. 13% 97/02	£96⅞	+⅞
Craig & Rose £1	£11	......	Alliance Gas	48	......
Fife Forge	32½	......	Arnott	280	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	65	−1
Graig Ship. £1	£13	......	Clondalkin	120	......
Higsons Brew.	75	......	Concrete Prods.	78	......
Holt (Jos) 25p	256	......	Helton (Hldgs.)	27xd	......
I.O.M. Stm. £1	168	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	40	......
Peel Mills	45	......	Jacob	30	......
Sheff. Refrshmt.	103	......	T.M.G.	78	−2
Sindall (Wm.)	140	−1	Unidare	75xd	......

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lots"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

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FINANCIAL TIMES

Thursday August 28 1980

Shadow cast over Times peace plan

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TIMES failed to appear again today after the newspaper's parent company, British Thomson Holdings, refused to *give ready assent to a peace* formula worked out by management negotiators and leaders of the striking journalists.

A day-long meeting of the Thomson Board, coinciding with publication of half-year figures by the International Thomson Organisation, cast an ominous shadow over the truce reached late on Tuesday night.

It had been expected that the arrangement reached would be endorsed by the board and also by the chapel (office branch) of the National Union of Journalists yesterday.

Last night the undisclosed decisions of British Thomson Holdings were being reported back to the board of Times Newspapers, publishers of The *Times, the Sunday Times and* the educational, higher educational and literary supplements.

Both management and union negotiators were taken aback by the delay, and suspicion grew that more fundamentl decisions about the newspaper's future were being taken.

International Thomson declared preltax earnings of £111.5m for the six months ending June 30, against £63.2m for the same period last year. But the trading loss of Times Newspapers was about £6.4m. *In the first half of 1979, when* the papers were shut down in an effort to secure new agreements with all staff, the loss was £17.3m.

The company has estimated its trading loss for the whole of 1980 at £10m, and coupled that with warnings that the titles' future is under urgent review.

A meeting of the Times NUJ chapel was postponed until this morning. The Sunday Times chapel, which has taken a back seat throughout the dispute, *decided to also defer its* decision.

Times journalists have been on strike since Friday over the company's refusal to pay wage increases equivalent to 21 per cent recommended by an independent arbitrator.

But the two sides came up *with a formula that reconciled* the company's 18 per cent "cash limit" with the journalists' demand for the arbitration sum.

The suggested arrangement would have given the 280 journalists £1,000 a year each *from July 1, and the balance* of the award, 12.5 per cent from October 1. But the deal would have had to run for 15, 16, or 18 months, with an agreed increase from next July 1 to cover whichever of the extra periods was chosen.

Behind the company's reluctance to come to terms with its journalists is the fear that the printers, whose negotiations fall due soon, will want pay rises at least as good. If such demands were met, the company says *this would cost about £1.2m.*

Canadian newspaper closures, Page 4; Thomson results, Page 21

French government stands firm over ports opening

BY DAVID WHITE IN PARIS

THE FRENCH GOVERNMENT stood firm yesterday over its policy towards the country's striking fishermen, as union leaders apparently remained determined to keep up their protest action.

After renewed naval efforts to break the blockade on oil supplies yesterday, the Government warned the fishermen it *intended to keep major commercial ports*, which were not directly involved with the fishing dispute, open to traffic.

The unions, which expressed disappointment at the list of measures announced by the Transport Ministry on Tuesday, failed to obtain any further concessions from yesterday's Cabinet meeting.

France's two main oil terminals, at Fos on the Mediterranean and at Antifer near Le Havre, were both open yesterday.

Trawlermen abandoned their blockade at Fos after a show of force by the navy and riot police who used tear-gas canisters in a night raid. At least four fishermen were injured, one seriously, in the *third clash* between trawlers and navy vessels since Friday.

A number of channel ports remained blocked to passenger traffic yesterday. In Boulogne a protest-strike by lorry drivers *and tradesmen stopped Hover*craft services, which were operating only at Calais. Dunkirk traffic returned to normal after fishermen agreed on a truce. Le Havre was open but activity was limited as a result of a strike by tugboat men protesting against the navy's intervention at nearby Antifer.

Fishermen decided to mount a rescue operation for thousands of holidaymakers trapped on the Isle of Re, off the Atlantic *port of La Rochelle. But else*where, blockades stayed in place and both main unions decided to continue with the strike.

The communist-led union CGT said the measures announced so far by the government, covering improved marketing arrangements, increased modernisation funds, and a reinforced price support system, were "not of a kind to satisfy the fishermen."

The socialist-leaning CFDT union said it required further explanation of the proposals

Two fundamental demands are still outstanding—a subsidised cut in diesel fuel prices and *maintenance* of existing crew levels on large trawlers.

The Cabinet statement said the conflict was an *internal* professional dispute which had to be solved through normal negotiating channels. Development of all branches of the fishing industry could only come with an *effective* EEC *fisheries* policy, which it said should be introduced by the end of the year.

Sealink: continuing to operate services from Dover and Folkestone into Ostend. Train ferry operating into Dunkirk.

Townsend Thoresen: bulk of French sailings still being routed from Dover into Zeebrugge in Belgium but route to Le Havre restarting.

Dunkerque Ramsgate Ferries: services from Ramsgate to Dunkirk operating.

Brittany Ferries: Plymouth-Roscoff and Portsmouth-St. Malo routes operating normally.

P & O Ferries: services operating from Southampton and Dover into Zeebrugge. Decision on Le Havre route imminent.

Hoverlloyd: Ramsgate-Calais *service operating normally.*

Brittany legal problems. Page 6

THE LEX COLUMN

Blue Circle cash needs squared

The equity market at least had the tact yesterday not to respond to the rise in unemployment above a sensitive threshold by taking the FT 30-Share Index over 500, as it did eight years ago on the day the unemployment topped one million. Instead, equities backed away, in line with the gilt-edged market, where the persistent downward drift has brought sellers out. Redemption yields of 14 per cent are now common among *long-dated gilt-edged.*

Sterling, meanwhile, continues to touch new five-year highs as interest rates hold up and the North Sea discovery season gets under way. Yesterday the Bank of England again *seemed* to be holding it down, pouring liquidity into the money markets in the process.

Index fell 4.3 to 491.5

Blue Circle

Blue Circle is raising £47m *by way of a one for five rights* issue well before it will need the money. Nevertheless, annual capital expenditure on new cement capacity in the UK is scheduled to rise steeply over the next few years, from £35m *this year to about £70m* by 1982 or 1983. The company has been forced into the programme by the steep rise in fuel costs—up 50 per cent since the beginning of 1979—which means some of its plants face a big costs *squeeze.* At the same time the Northfleet works, responsible for about two-fifths of the company's UK production, is being constricted by lack of planning permission for new raw material supplies. With new *1m-tonne fuel-efficient* plants costing about £80m, Blue Circle needs new equity.

Meanwhile the interim results have confirmed expectations that the group is breaking out of the profits plateau of the last *few years. Pre-tax profits* have risen by two-thirds to £34.2m; on conventional historic cost depreciation the rise is nearly 50 per cent to £49.2m. So far prices, up 40 per cent from last summer, have stayed well ahead *of costs, while UK sales volume* has risen 4½ per cent dueto the mild winter. Abroad, South Africa's doubled contribution represents half the rise in overseas subsidiaries from £2.7m to £6.6m.

But *UK sales* volume in *the* second quarter has fallen 10 per cent below the same period in 1979 and the drop in orders since suggests a further large decline in the second half, when costs will be catching up with prices. So profits may emerge between £70m and £75m, against £52m. While current cost return on capital employed has been well above last year's 4½ per cent, by the year end the group may be struggling to achieve its 6 per cent target. The share price dropped 4p yesterday to 366p, about 11 times prospective conservatively-stated earnings ex-rights. The yield is about 6 per cent.

Associated Dairies

The figures from Associated Dairies Group provide some corrective to the generally gloomy profits news emerging from retailers. Pre-tax profits are up from £41m to £50m in the year to April, and net margins were held at the first-*half* level of 5 per cent throughout the second six months—below the level of the same 1978-79 period, but not a bad result considering the rise in costs and Asda's promotional spree. This consisted of a half point out in gross margins, later restored, and it seems to have bought a reasonable amount of volume.

Since April, though, as Woolworth's second quarter figures *showed*, the *High* Street has become an unfriendly place—which is not to suggest that Asda is doing anything like as badly as Woolworth. Food is still very strong and in the superstores non-food volume *has held up quite well, although* the furniture business is very flat and margins on carpets are under pressure.

Asda is still investing heavily—it is budgeting to spend £55m on fixed assets in the current year—and it is about to become a modest payer of interest. Food retailers in general must be praying that none of the three major supermarket groups will launch a serious price war while they are engaged in large investment programmes.

But there must be a chance that if food volume begins to slip, or if the sales mix moves to lower margin goods, one of the majors might start trouble. This fear, and the likelihood of only modest profits growth this year, may hold back the Asda share price, which at 220p represents 12 times stated earnings and offers a yield of 2.8 per cent.

Ladbroke

Ladbroke's profits from casinos have fallen from around £9½m to £2.4m in the half year to July—but overall profits are only £2.6m down at £14.1m. And for the year as a whole, Ladbroke could make perhaps £32m without including anything from casinos: last year's total was £49.2m, of which nearly £25m came from casinos. The dividend is up 15 per cent and the shares rose another 3p *to 198p yesterday, making a rise* of over three-fifths from the low point five months ago.

The explanation for this remarkable performance in that in the two years before it lost its main gaming licenses, Ladbroke used the enormous cash flow from this business to broaden its base. It spent over £100m of largely self-generated funds, and is now reaping the returns. Property profits could rise by a half to £4½m this year, and the hotels and holiday side will also be well up on last year's £7.1m. In addition, betting is having a good year and could produce over £14m, a rise of roughly a quarter.

The joke is that the stock market is now pushing the shares up for almost the same reason that it was knocking them flat a few months ago. Today's story is that the loss of the volatile casino business improves the quality of the remaining earnings and makes the shares attractive to institutions who would not have touched them before. That may be so, but with a prospective yield of perhaps 10 per cent the shares could need time to consolidate.

Bayer

First-half figures from Bayer, the last of the three German chemical majors to report, confirm the universal *fall* in demand for chemicals suffered in Europe in the second quarter. Bayer does not publish a quarterly earnings breakdown for the whole group, but its German companies saw second quarter pre-tax profits *fall* to DM 231m from the first quarter's DM 276m, and DM 270m a year ago. Domestic sales were slightly down in value terms, and June was particularly weak.

No wonder the equity market is nervous about today's second quarter results from ICI, with its exposure to badly affected areas such as fibres and bulk plastics. The redundancies announced by ICI yesterday make an unhappy trailer.

U.S. recovery may mean higher inflation rate

BY ROBERT MAUTHNER IN PARIS

THE Organisation for Economic Co-operation and Development (OECD) predicts that the expected modest recovery in the U.S. economy next year is likely to be accompanied by an unacceptably high rate of inflation.

In its latest annual review of the U.S. economy, the Paris-based Organisation says that while the rate of price rises will undoubtedly be lower next year than at the start of this year, the underlying trend of inflation may still be between 9 and 10 per cent a year.

This will be not only much higher than the rate recorded at the beginning of the last economic upturn, but will coincide with an unemployment rate of 85 per cent in 1981—"a particularly unfavourable combination by historical standards," according to the OECD.

The top priority for economic policy, therefore, must continue to be a reversal of this trend, and prudent demand management will be required for some time after the end of the current recession.

The OECD believes that a tax-based incomes policy is particularly appropriate to U.S. conditions. This policy could help to break the momentum of the current inflation.

The OECD Secretariat recognises that its original forecast of a *shallow* but relatively long recession in the U.S. has turned out to be wrong. The Organisation's experts, together with most U.S. forecasters, now foresee a sharp downturn, though more moderate than the 1974-75 recession and lasting only until the end of 1980.

Growth in GNP

Some recovery throughout 1981 is expected to follow, although the OECD says that it is "less bullish" than some other forecasters. The "peak-to-trough" decline of 3.25 per cent in Gross National Product between the first and last quarters of 1980 is likely to be followed by growth of 2.25 per cent over the following 12 months up to the final quarter of 1981.

But on a full year-on-year basis the OECD forecasts that GNP will grow by no more than 0.25 per cent in 1981, compared with a decline of 1.25 per cent in 1980.

The deflationary impact of oil price increases and of tight monetary and fiscal policies from the end of 1978 to the end of 1981 is estimated at 5 to 6 per cent of GNP. But these preliminary effects are likely to be magnified.

The gap between actual and potential output over the same three year period will increase by about 7.5 per cent, according to the forecasts.

The Organisation predicts that the current account of the balance of payments will swing into a surplus of $10bn (£4.2bn) in 1981, after being roughly in equilibrium at the end of this year. But it points out that this will be partly a reflection of a more depressed economy than is likely in other industrialised countries.

On energy policy in general, the OECD repeats its criticism made in last year's annual review that the rejection by Congress of energy price rises has caused energy policy in the U.S. to lose momentum.

ICI to cut soda ash workforce by 600

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries *is to cut its soda ash workforce* by more than 18 per cent in the next two years. The move means about 600 jobs of the present 3,300 will be lost.

The job cuts were part of a programme designed to strengthen ICI's soda ash business and to beat the "threat to our UK market from American natural ash imports." the group said yesterday. Efforts were to be made to improve efficiency and cut costs in all areas of the operation.

ICI was "confident that the business can be made robust and profitable." It expected a steady underlying growth in the UK soda ash market although there might be "ups and downs from year to year."

The company has three soda ash plants in the UK, all near Northwich in Cheshire. It said the job cuts would be carried out through natural wastage rather than enforced redundancies. Administrative and blue collar jobs would go.

About 60 per cent of ICI's soda ash production—it has the capacity to produce 1.7m tonnes a year—goes to making glass for use in bottles, windows, windscreens and other finished goods. The rest is used in the making of detergents and chemical intermediates. About 170,000 tonnes a year is exported.

The group has spent more than £100m at current prices on modernising its soda ash plants since 1975.

Background, Page 6

Weather

UK TODAY

SUNNY periods in most areas after rain in East.

London, S. and S.E. England, E. Anglia, Channel Isles, E. Midlands

Occasional rain, sunny periods. Max. 22-24C (72-75F).

E. and N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray

Rain, sunny periods. Max. 19-21C (66-70F).

W. Midlands, N. and N.W. England

Dry, sunny periods. Max. 22-24C (72-75F).

S.W. England, Wales,N. Ireland

Suny intervals, perhaps rain later. Max. 18-21C (64-70F).

Lakes, I. of Man, rest o fScotland except N.E.

Dry, sunny intervals. Max. 16-19C (61-66F).

N.E. Scotland, Orkney, Shetland

Rain, becoming drier and *brighter. Max. 14-16C (57-61F).*

Outlook: Rain, sunny intervals.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
				Jo'burg	S	18	64
				L. Plms.	F	26	79
				Lisbon	F	24	75
				Locarno	C	19	66
				London	S	22	72
				Los Ang.	S	26	79
Ajaccio	R	24	75	Luxmbg.	C	20	68
Algiers	S	32	90	Luxor	S	39	102
Amsdm.	S	23	73	Madrid	F	27	81
Athens	S	29	84	Majorca	S	29	84
Bahrain	S	37	97	Malaga	S	31	88
Barclna.	F	26	79	Malta	S	29	84
Beirut	S	30	88	M'chstr.	S	20	68
Belfast	S	19	66	Melbne.	C	13	55
Belgrd.	S	25	77	Mex. C.	C	18	64
Berlin	S	20	68	Milan	C	24	75
Biarritz	F	23	73	Mntreal.	C	21	70
Bmghm.	S	19	66	Moscow	C	12	54
Blackpl.	F	21	70	Munich	S	23	73
Bordx.	C	23	73	Nairobi	C	20	68
Boulgn.	C	19	66	Naples	F	27	81
Bristol	S	23	73	Nwcstl.	S	19	66
Brussels	S	21	70	N. York	S	24	75
Budpst.	F	24	75	Nice	R	20	68
B. Aires	S	13	55	Nicosia	S	31	88
Cairo	S	34	93	Oporto	C	22	72
Cardiff	S	20	68	Oslo	C	16	61
Cas'b'ca	F	26	79	Paris	C	22	72
Cape. T.	F	15	59	Perth	R	16	61
Chicago	S	29	84	Prague	S	22	72
Cologne	S	22	72	Reykjvk.	S	12	54
Cpnhgn.	S	17	63	Rhodes	S	29	84
Corfu	S	29	84	Rio J'o	R	23	73
Dublin	S	19	66	Rome	C	27	81
Dbrvnk.	S	26	79	Salzbrg.	S	25	77
Ednbgh.	S	20	68	Stckhm.	C	18	64
Faro	C	26	79	Strasbg.	C	20	68
Florence	F	30	86	Sydney	S	15	59
Frankft.	F	22	72	Tangier	F	25	77
Funchal	S	26	79	Tehran	S	36	97
Geneva	R	17	63	Tel Aviv	S	28	82
Gibraltar	C	26	79	Tenerife	F	24	75
Glasgow	F	20	68	Tokyo	C	21	70
G'rnsey	S	18	64	Toronto	S	29	84
Helsinki	F	14	57	Tunis	S	33	91
H. Kong	C	31	88	Valencia	S	31	88
Innsbrk.	S	25	77	Venice	S	25	77
Invrnes.	C	16	61	Vienna	S	23	73
I.o.Man	C	17	63	Warsaw	C	17	63
Istanbul	S	25	77	Zurich	C	20	68
Jersey	S	17	63				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

New Airbus versions considered for RAF

BY LYNTON McLAIN

NEW VERSIONS of the European Airbus are now being considered by the Ministry of Defence as a possible single basic replacement for several of the RAF's range of large transport aircraft.

Preliminary consideration was *now being given to programmes* to replace the RAF Hercules transport, Nimrod maritime reconnaissance aircraft, Victor air-refuelling tankers and the VC10 troop transport with one basic airframe.

This was announced by Air Vice-Marshal David Harcourt-Smith at the Financial Times/Royal Aeronautical Society aerospace conference in London yesterday. The Air Vice-Marshal *is assistant chief of the air staff for operational requirements.*

The ministry believes that the use of a single basic airframe would be a sensible and cost effective way of replacing its fleet of 198 large transport-type aircraft. And it would be a further step towards the *ministry's aim of reducing the* number of aircraft the RAF operates.

The Tornado multi-role combat aircraft, now entering the RAF, has already gone some way to meeting this aim for combat aircraft by replacing RAF Vulcan bombers, Lightning and Phantom interceptors and Buccaneer strike fighters.

Rolls-Royce and British Aerospace are already looking at possible ways of meeting the RAF's requirements for transport aircraft.

The British Aerospace factory *at Manchester, which already* makes wings for the existing A300 Airbus, is studying how new versions of the aircraft could provide the basic airframe for modification to meet up to four specialist roles for the RAF.

Rolls-Royce has so far failed to win orders to supply engines for the Airbus. But the company has established with Airbus Industries the terms under which the RB-211 family of engines would be made available *for the entire Airbus family of* aircraft. The RB-211 Dash S24, the most powerful version, is the most likely candidate from Rolls-Royce.

● Hawker de Havilland, the Australian aerospace company, *is to make £3m worth of wing* parts for the European Airbus. The first contract involving Australia in the project was announced yesterday by British Aerospace.

Aerospace stake retained; the shape of future aircraft, Page 6

Engineers' pay claim meets prompt rebuff

BY PHILIP BASSETT, LABOUR STAFF

ENGINEERING employers warned leaders of 2m manual workers in the industry as they lodged their annual pay claim yesterday that the industry was "fighting to survive" and that its ability to pay higher wages this year was severely limited.

Last year's pay and hours negotiations for the industry led to a series of damaging one- and two-day strikes, but union leaders said yesterday that they were not looking for confrontation.

Though the Confederation of Shipbuilding and Engineering Unions did not put a specific figure on its claim for substantial increases in national minimum rates, the indications are that the unions are seeking increases of about 20 per cent.

The Engineering Employers' Federation will not reply to the claim until a meeting with the CSEU on September 10, though the tone of its detailed presentation to the unions of the serious problems facing the industry suggests it will seek to heed Confederation of British Industry exhortations that wage settlements should be in single figures.

The employers estimated that engineering output this year would be 6 per cent down on the level of five years ago, with no recovery in sight. Falling demand stemmed from the uncompetitiveness of the UK industry. While the Employers Federation acknowledged the influence of high exchange rates, it also pointed to the UK's high relative unit costs, determined largely by wages and productivity levels.

Thatcher says policy is right

Continued from Page 1

the country had paid itself 22 per cent more for producing 4 per cent less.

She argued that the government could not accept responsibility for matters which were *not wholly due to its own* actions. "You never create jobs by creating more inflation," she added.

Mr. Prior, in a statement immediately after the figures were announced, said the government was deeply concerned aboutt he latest figures. They reflected very clearly the impact that the deep world recession was having in this country as well as many others.

The Opposition reacted with frustrated anger. Mr. Callaghan describes the figure of 2m as "an indelible stain on the government's record" and Mr. Eric Varley, Employment spokesman, blamed the government's "inhuman and wicked policies" for forcing up unemployment.

The Shadow Cabinet is to meet next Wednesday or Thursday to consider tactics.

The likelihood is that Labour leaders will demand a recall of Parliament earlier than the present date of October 27 but they will leave the request until pressure builds up at and after the TUC conference in Brighton next week.

Mr. Callaghan is due to address the Congress on Tuesday and will undoubtedly concentrate on the government's economic strategy and its impact on employment.

Mr. David Steel, Leader of the Liberal Party, argued that Mrs. Thatcher's policies were piling a British industrial recession on top of a world-wide recession. But he did not see the point of recalling Parliament. Instead the Cabinet should be recalled to discuss a change in economic strategy.

He was going to ask the Liberal Party to add an *emergency resolution on unem*ployment to the agenda at the party's assembly at Blackpool in two weeks time.

Sir Raymond Pennock, the CBI president, said it was tragic that so many were unemployed, "and particularly sad that so many school leavers should be unable to find work."

"In too many cases we have failed to see sense on pay and productivity until redundancies and bankruptcies have stared us in the face." The trend could be slowed down and reversed if people were paid only the increase they had earned, if efficiency was improved, and if more goods were sold at home and abroad against foreign competition.

Mr. David Basnett, chairman of the TUC economic committee, forecast that 3m would be out of work in the next two or three years unless the Government changed course completely. He accused the Government of deliberately forcing people in to the dole queue as part of its economic strategy.

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